Q LTD
ABN 13 083 160 909

ANNUAL REPORT

Q Ltd
ABN 13 083 160 909

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Table of Contents

2010 Financial Report

This 2010 Financial Report is a summary of our activities and financial position.

Reference in this report to a "year" is to the financial year ended 30 June 2010 unless otherwise stated. All figures are expressed in Australian currency unless otherwise stated.

Revenues and expenses are recognised net of the amount of Goods and Services Tax.

A glossary of terms used in this Report is contained at the end of this document.

Q Ltd
ABN 13 083 160 909

Message from the Chairman

Dear Fellow Shareholder,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Q Ltd for the 2010 financial year (FY 2010).

During the year under review we continued to consolidate and streamline the restructuring of the business divisions of the GROUP to take advantage of the benefits that the integration would provide for our clients, taking into account their changing needs as the digital market further matures, and to tangibly provide cost effectiveness for the Company.

The Global Financial Crisis (GFC) affected both economic growth and the Company's cashflow expectations.

FY 2011 will be a period where we will further focus on organic growth to benefit from the projected overall market growth and our Company's suite of products.

I would like to thank my fellow Directors and committed management and staff for their time, effort and dedication during this last year.

I would also like to convey the Board's thanks to our shareholders for your support in what has been a very challenging year for investors in many companies. We look forward to a somewhat less challenging but more rewarding year in FY 2011.

Kevin Campbell

Kevin V. Campbell AM
CHAIRMAN
22 September 2010

Q Ltd

ABN 13 083 160 909

MD/CEO's Review of Operations

1. GROUP Overview

I am pleased to report the full year results for the period from 1 July 2009 to 30 June 2010. FY2010 was to say the least, a challenging year. We believe however that both the Company's financial performance and the economic environment are now pointed in the right direction and that FY2011 will be a more satisfying year.

(a) SECOND HALF FY 2010

The SECOND HALF EBITDA before impairment was a loss of $10k (against a May 2010 Profit Guidance of breakeven) on sales revenue of $13.479m (against a May 2010 Guidance of $12.700m). The EBITDA loss of $10k for the SECOND HALF of FY2010 is after incurring one off non-recurring costs of $0.329m resulting from the restructure of the media sales business and the permissioned database business.

(b) Full Year

The GROUP's result from operations for FY 2010 was a loss before tax of $27.924m compared to a profit of $0.774m in FY 2009. Included in the loss was a one off impairment of $27.121m of which $20.231m was taken up in the FIRST HALF of FY 2010 and the balance of $6.890m was taken up in the SECOND HALF. We have provided more detail in respect of impairment later in this report.

The EBITDA before impairment for the full year decreased from a profit of $1.467m to a loss of $0.235m compared to FY 2009. The Company's Half Year Report at December 2009 made reference to the changes which had been made "to evolve our offering to match our changing client needs." and that the Company had initiated and implemented a number of changes during the FIRST HALF. The implementation of some of these initiatives was expected to reap benefits in the SECOND HALF of FY 2010 and beyond. The positive impact of these changes started impacting on EBITDA in the SECOND HALF of FY 2010 and will have a larger impact on EBITDA in FY 2011 and beyond.

Q Ltd
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Key Performance Statistics for Continuing Operations

CONTINUING OPERATIONS	2009/10 $000	2008/09 $000	Change %
Sales Revenue			
Digital Marketing	27,568	27,117	▲ 1.7
Total Sales Revenue	27,568	27,117	▲ 1.7
Revenue From Other Sources			
Digital Marketing	100	121	▼ 17.4
Corporate	7	56	▼ 87.5
Total Revenue From Other Sources	107	177	▼ 39.5
Total Revenue	27,675	27,294	▲ 1.4
EBITDA Before Impairment			
Digital Marketing	1,622	3,728	▼ 56.5
Corporate	(1,857)	(2,261)	▲ 17.9
Total EBITDA before Impairment	(235)	1,467	n/c
Less: Depreciation	(565)	(788)	▼ 28.3
Less: Impairment	(27,121)	-	n/c
EBIT	(27,921)	679	n/c
Net Interest Income/(expense)	(3)	95	n/c
Net Profit/(Loss) Before Tax	(27,924)	774	n/c
Income Tax Benefit/(expense)	195	(389)	n/c
Net Profit/(Loss) After Tax	(27,729)	385	n/c

2. Digital Marketing Services

a. Media Sales: 3D Interactive (3Di)

The 3Di business in Australia experienced a disappointing sales revenue result for FY 2010. Our expectations are for a turnaround during the course of FY 2011 and beyond as the implementation of The Performance Network (TPN) gets traction in the Australian market. TPN is the GROUP's performance media offering. This is where clients (advertisers) only pay when they have received a response to an advertisement. Performance media accounted for approximately 25%* of all display advertising in Australia during FY 2010. We expect that it will continue to be a high growth sector in 2010.

The 3Di business in New Zealand achieved better than expected sales revenue growth during FY 2010.

*(source: PricewaterhouseCoopers-IAB Online Advertising Expenditure Report – June 2010)

b. Agency – Search: First Rate

The First Rate business in Australia and New Zealand achieved satisfactory levels of sales revenue during this period. This resulted in a strong GROUP contribution from those activities.

c. Agency – Development: Market United

The Market United business under performed during the FY 2010 compared to expectations.

d. Strategy: Thinq

Thinq digital is a new business which was established in July 2009. Being in start up phase, we expected it to incur a loss during the first 12 – 18 months. Sales revenue did not achieve our expectations but the initial investment was less than had been anticipated.

2. Digital Assets

a. Permissioned databases

During the last few months of FY 2010, we restructured our permissioned databases team to reduce our cost structure. The restructure included one off non-recurring costs. During the course of the year, we also increased the number and quality of members of our B2B and B2C databases. Both of these initiatives involved increased costs during the current period.

As in our Media Sales business, the sales revenue was softer than expected.

b. The Performance Network (TPN)

TPN was re-launched in New Zealand in September 2009 after a significant technical upgrade from its original launch three years earlier. This technical upgrade allowed us to launch TPN into the Australian market where demand is significantly greater than in New Zealand. A soft launch occurred in Australia in November 2009. Significant costs were incurred during the FY 2010 in relation to the rebuilding and re-launch (in NZ) and launch (in Australia).

Sales revenue in New Zealand continued to exceed expectations.

Australia generated a moderate level of revenue having operated TPN for only part of the year.

4. Impairment

A non-cash impairment charge of $20.231M was taken up during the FIRST HALF of FY 2010 and a further $6.890m in the SECOND HALF of FY 2010 for a total of $27.121 million.

Shareholders may recall that the GROUP acquired its portfolio of businesses between 2005 and 2007. This was a period of strong economic growth globally which led to a high valuation of assets. Based on continuing economic growth, companies including Q Ltd had expectations of fast growing future cash flows from the businesses being acquired.

The economic conditions in FY 2010 are more subdued and it is in this environment that the Board has considered impairment testing.

The Global Financial Crisis (GFC) put a halt to economic growth and reduced future profit and cashflow growth expectations.

Unrelated to the economic environment, we undertook a number of changes commencing in July 2009 to "evolve our offering to match our changing client needs." The pursuit by the GROUP of the new initiatives going into FY2010 has meant that significant costs have been added to the business during a time when profit growth in our industry and generally was soft. As a result, the economic impact and the changes required by our changing client needs have compounded the impact on performance for the FIRST HALF of FY 2010 and continued to impact on the SECOND HALF. The need to comply with the Accounting Standards requires us to test for impairment of our assets using forecast trading results as a base. Impairment testing requires an assessment of growth in cash flow well into the future and the resulting valuations have been challenging. The prudent and cautious approach for the Board has been to take a non-cash impairment charge against goodwill on consolidation of $27.121m in total in FY 2010.

The impairment charge of $6.890m for the SECOND HALF of FY 2010 was attributable to a number of factors including an assumption of a higher weighted average cost of capital (WACC) than previously used, a change in base year EBITDA and a change in forecast growth rate assumptions.

The ongoing operations of the GROUP will not be affected by our acknowledgement that our assets are no longer valued under the accounting standards at the values at which they were previously recorded in our balance sheet. This has no impact on our ability to continue providing the highest standard of work to our clients nor does it affect what size and quality of clients we will continue to service.

The Board continues to strongly support the changes which have been or are being implemented by management and believe those are necessary to ensure long term growth.

5. Outlook

The GROUP will continue to focus on streamlining its existing businesses and pursuing organic revenue growth in FY 2011. In the absence of unforeseen circumstances or deterioration in the Australasian economies, the Board expects to deliver an improved performance in FY2011.

6. Employees

I would like to welcome the new employees who joined the GROUP during FY 2010. I would also like to thank management and staff for their endeavours during this period. They have been instrumental in getting us through a difficult FY2010.

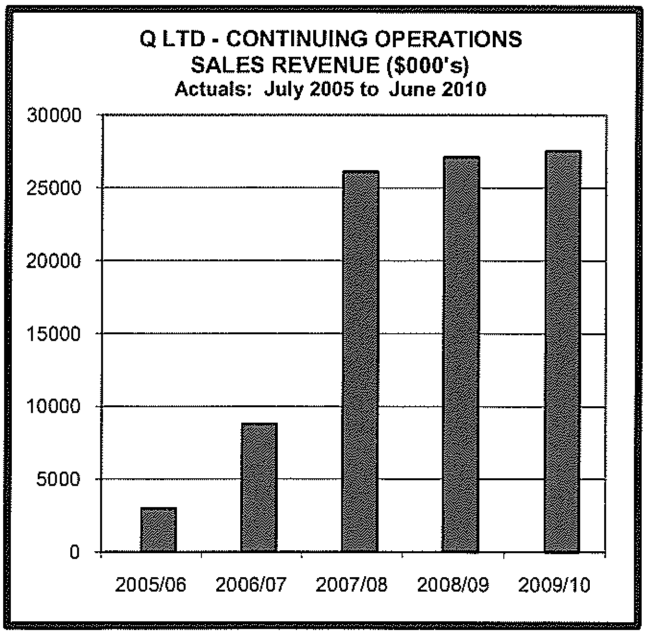
Paul G Choiselat
MD/CEO
22 September 2010

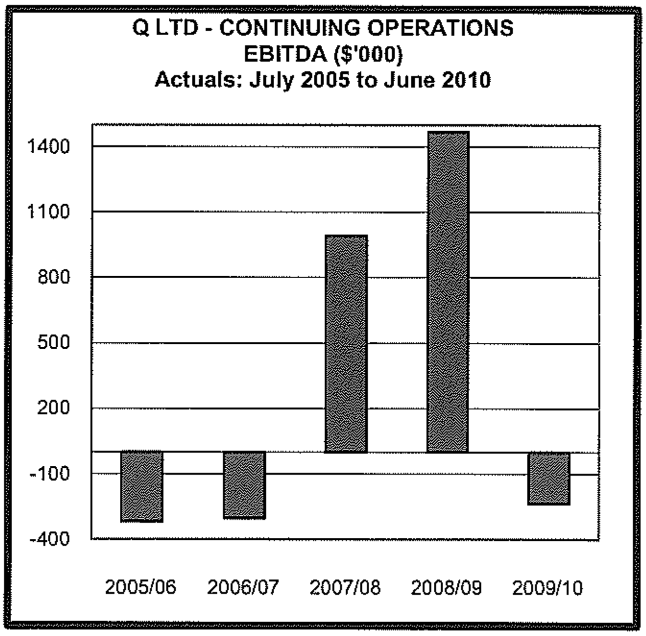
Q Ltd

ABN 13 083 160 909

Historical Financial Data – Continuing Operations

	2005/06 $000	2006/07 $000	2007/08 $000	2008/09 $000	2009/10 $000
Sales revenue	3,005	8,809	26,099	27,117	27,568
Other revenue	26	188	224	177	107
Total revenue	**3,031**	**8,997**	**26,323**	**27,294**	**27,675**
EBITDA Digital Marketing Profit(Loss)	245	497	2,614	3,728	1,622
EBITDA Corporate Profit(Loss)	(561)	(800)	(1,621)	(2,261)	(1,857)
Total EBITDA before impairment	(316)	(303)	993	1,467	(235)
EBIT Profit(Loss)	(336)	(354)	351	679	(27,921)
NPBT	(340)	(192)	531	774	(27,924)
NPAT	(339)	2,242	607	385	(27,729)
GROWTH DATA	%	%	%	%	%
Sales revenue		193.1	196.3	3.9	1.7
Total revenue		196.8	192.6	3.7	1.4
EBITDA - Digital Marketing		102.9	426.0	42.6	(56.5)
EBITDA - Total		4.1	427.7	47.7	N/C
EBIT		5.4	199.2	93.4	N/C
NPBT		43.5	376.6	45.8	N/C
NPAT		761.4	(72.9)	(36.6)	N/C
MARGIN DATA					
EBITDA Digital Marketing/Sales revenue	8.2	5.6	10.0	13.7	5.9
EBITDA total/ Sales revenue	(10.5)	(3.4)	3.8	5.4	(0.9)
NPBT/Sales revenue	(11.3)	(2.2)	2.0	2.9	(101.3)
NPAT/Sales revenue	(11.3)	26.8	2.3	1.4	(100.6)



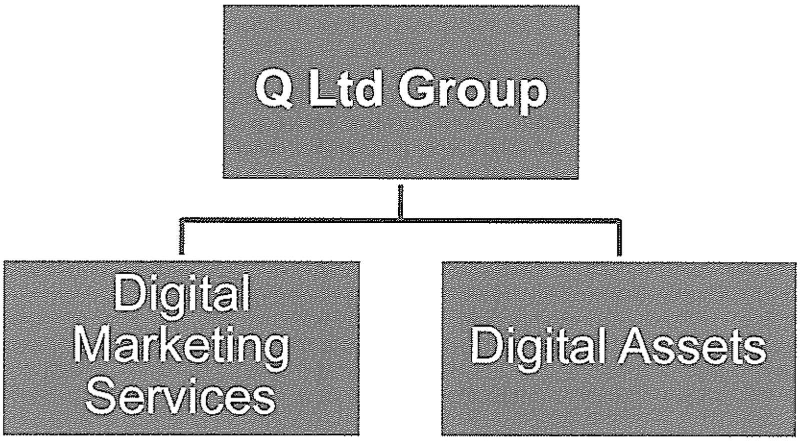


Q Ltd

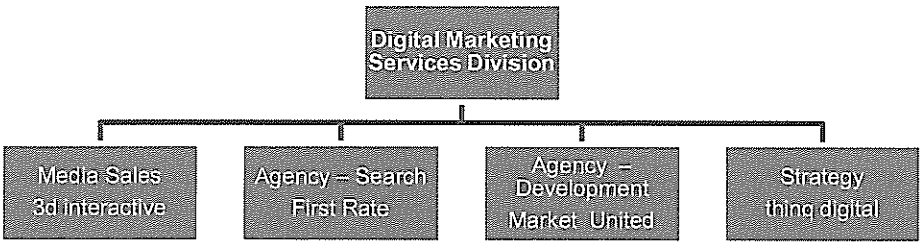
ABN 13 083 160 909

GROUP OVERVIEW

1) Divisional Structure



2) Digital Marketing Services Division



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2.1 thinq

devising digital

History
- Established on 1st July 2009

Key Services Offered:
- Complete digital strategy development
- Website and systems planning
- Systems analysis and vendor selection
- Online Media Strategy
- Client and Agency Education

Taking advantage of changing digital markets and clients

- Supports the clients who want to be further educated about opportunities for them in the constantly changing digital market
- thinq's social media strategy work has been well received by clients

www.thinqdigital.com.au

2.2 marketunited

delivering digital

History
- Established in 2002

Key Services Offered:
- Creative solutions
- Web and mobile technology solutions
- Online media planning and buying
- Account and project management
- Design and build websites and hard-core systems
- Traffic acquisition, conversion and retention of client's customers
- Develop campaign strategies
- Create and design online advertising
- Develop campaign systems, sites and evaluate the performance of a client's campaign
- website usability research

www.marketunited.com

2.3 firstrate

leaders in search & performance

History
- Established in 1999

Key Services Offered:
- Search Engine Optimisation (SEO)
- Search Engine Marketing (SEM)
- Performance Marketing
- Analytics

www.firstrate.com.au
www.firstrate.co.nz

2.4 3dinteractive

interactive media sales

History
- Established in 2003

Key Services Offered:
- Advertising sales network for permissioned databases and digital media properties
- Digital media sales representation – website, email, mobile
- Email and mobile marketing
- Performance marketing
- Digital media sales representation –email and mobile lists
- Direct marketing representation – business, fax, mail, telemarketing lists
- Database profiling
- Adverting Operations (Trafficking) for Agencies, Publishers and Clients
- Campaign Management

www.3dinteractive.com.au

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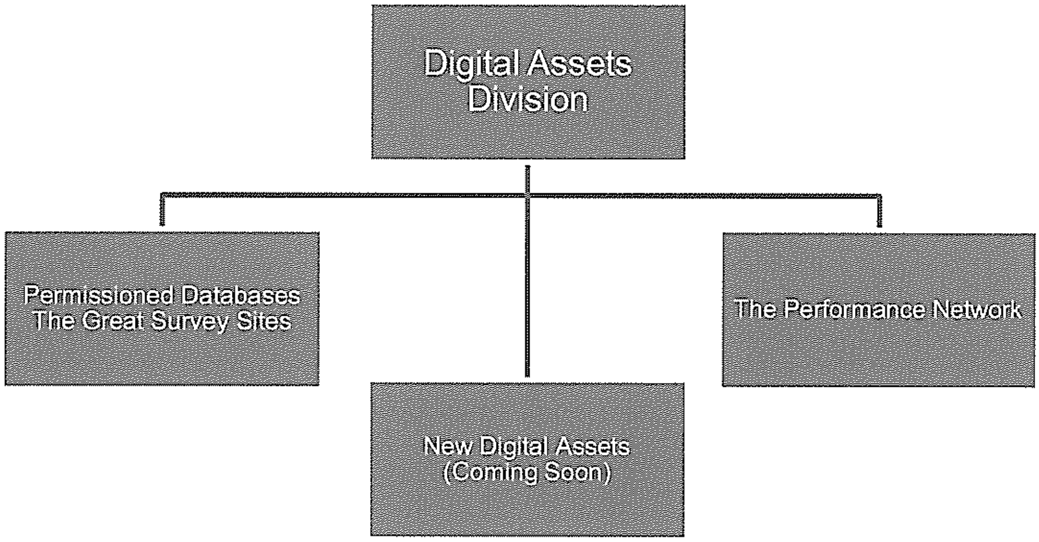
3) Digital Assets Division



qed
digital demonstrated

History

- Established on 1st July 2009
- Existing GROUP assets forming part of this division
    - The Great Survey Sites
    - The Performance Network (TPN)

2.1 great survey sites

History
- Established in 2004

Key Services Offered:
- Leader in the collection of detailed demographic, lifestyle and purchasing data of consumers in Australia, NZ and UK
- Providing opt-in data for the Market Research and Direct Marketing Industries
- Gives advertisers, marketers and researchers the ability to deliver highly targeted and efficient direct-to-consumer marketing communications
- Permissioned Data driven (B2B and B2C) advertising campaigns
- Cost effective targeting, capturing and interaction with select groups of highly qualified consumers either online, offline or via mobile communications

www.thegreatsurveysites.com

3.2 tpn the performance network

History

- Established in 2006

Key Services Offered:

NZ
- 1st New Zealand Performance Ad Network
- Facilitating "performance" advertising between advertisers and web sites
- Performance marketing is at an early stage of growth in NZ
- Spend expected to grow as a % of online marketing in line with global trends
- TPN system recently enhanced to meet the requirements of a maturing market and re-launched in NZ in September 2009

Australia
- Enhanced system launched in Australia (in November 2009)
- 3dinteractive providing sales channel
- Enhanced system is expected to complete with and outperform current established performance ad networks in the market

www.tpn.co.nz
www.tpn.com.au

3.3 Coming Soon

a) **New Membership Portal**
Launch of a new membership portal to support and expand on existing permissioned data business. Data and permissioned email have always been an important and profitable part of the GROUP's business. The launch of a new "state of the art" membership portal will take the business to the next level supporting increased member acquisition, retention, campaign responsiveness and advertising revenue growth.

b) **Digital Promotions Platform**
Launch of a tier-1 digital promotions platforms to support agency and media clients. This platform will be capable of supporting the largest and most complex instant win and prize pool promotions in the region and will allow these promotions to be deployed more efficiently than traditional methods leading to a competitive price point while maintaining high margins. The platform will also support advance customer relationship tools allowing clients to fully maximise the insights and returns gained from their promotions.

www.qedigital.com

Significant New Client Wins

COMMUNICATIONS
iiNet
Vodafone

ENTERTAINMENT & LEISURE
Fatso (NZ)

FINANCE
Kiwi Bank (NZ)
Mortgage Choice
Westpac

HEALTH, BEAUTY, PHARMACEUTICAL
Invacare (NZ)

INSURANCE
Allianz
Chartis

MANUFACTURING
Fisher & Paykel

ONLINE SHOPPING PORTALS
Grays Online
Shopping.com (EBAY)

PROPERTY DEVELOPMENT
Brookfield Multiplex

RETAIL
Big W
IKEA
Number 1 Shoes (NZ)
Progressive Enterprises (NZ)

TRAVEL/ACCOMODATION
House of Travel (NZ)
Rooms Direct (Air New Zealand)

UTILITIES
AGL
Contact Energy (NZ)
Synergy (electricity WA)

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Corporate Governance Statement

The Board is responsible for the corporate governance practices of the Company and is committed to adhering to the Australian Stock Exchange (ASX) Corporate Governance Council (Council) 'Corporate Governance Principles and Recommendations' (CGPR).

This statement sets out the key elements of our corporate governance framework which has operated throughout the year.

The Board is of the opinion that subject to certain departures which were justified for adoption due to the particular circumstances of Q Ltd, our corporate governance framework is compliant with the ASX Council CGPR. Details of the extent to which Q Ltd has followed the ASX Council CGPR have been included at the end of this statement.

The Company's corporate governance framework is kept under review and changes are made in response to changes in the Company's business or applicable legislation and standards.

1. Q Ltd Board of Directors

Q Ltd has established clear guidelines to distinguish between the roles of the Board and that of management.

In essence, the Board is responsible for the overall strategic planning and decision making of the Company as a whole and answerable to the shareholders for the business performance of Q Ltd and its controlled entities. Management on the other hand is delegated with all the functions in relation to the day-to-day operations of Q Ltd and is accountable to the Board in this respect.

The Board of Directors is responsible for protecting the rights and interests of members and is accountable to them for the overall management of Q Ltd. The Board has the overall responsibility for the governance of Q Ltd, including:

- Setting strategies, directions and establishing goals for the GROUP;
- The monitoring of performance against these goals and objectives;
- Oversight of Q Ltd including control and accountability systems;
- Ensuring there are adequate internal controls and ethical standards of behaviour;
- The review of the MD/CEO and other Key Management Personnel performance, conduct and reward;
- The monitoring of the major risks of Q Ltd's business and ensuring there are appropriate policies and procedures to satisfy its legal and ethical responsibilities;
- The approval and monitoring of financial and other reporting;
- Approving all mergers and acquisitions;
- Reviewing the annual progress and performance of Q Ltd in meeting the objectives of the GROUP, including reporting the outcome of such reviews;
- Establishing and determining the powers and functions of the committees of the Board;
- The review and approval of the major operational and capital expenditure plans established by the management team, and the monitoring of performance against those plans.

The content of a director's letter upon appointment will be reflective of the responsibilities as listed as board responsibilities under Principle 1 of ASX Council CGPR.

Corporate Governance Statement

2. Board structure

Q Ltd recognises the need to have a board of the appropriate composition, size and commitment with an appropriate range of expertise, skill, knowledge and vision to enable it to operate the Company's business with excellence. With this objective in mind, our Board is structured to consist of five (5) Directors of which three (3) are independent Non-Executive Directors including the Chairman.

The composition of the Board is determined by Q Ltd using the following principles:

- The Board should comprise at least three (3) Directors. This number may be increased where it is felt that additional expertise is required in specific areas.
- The Chairman of the Board is an independent Non-Executive Director.
- The Board comprises not less than half independent Non-Executive Directors.
- The Board has enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their duties.
- The Board comprises Directors with a broad range of expertise both nationally and internationally.

Details of the Directors are found in the Directors' Report. The Board has significant experience in various fields, including funds management, media, printing, telecommunications, financial markets and accounting. During FY2010, the Board met 16 times.

The Board's composition of five (5) Directors is considered an appropriate size for the Company at its present stage of development and given the breadth of its membership, most issues can be decided at Board level without the need for separate committees such as a nomination committee. The full Board incorporates the responsibilities of the Nomination Committee. It has the responsibility for reviewing the composition of the Board and recommending new nominees for membership of the Board, should the need arise. The selection of Directors must be approved by the majority of shareholders at the next AGM.

The Chairman reviews the performance of all Directors each year. Directors whose performance is unsatisfactory are asked to retire. To date, no Director has been asked to retire for unsatisfactory performance.

Each year the Board conducts an evaluation review of the Directors. The evaluation is carried out by a review as a whole of a Director's attendance at and involvement in Board meetings, their performance and other matters identified by the Board or other Directors. Significant issues are dealt with immediately by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance.

The Board assesses the independence of Directors as appropriate. In considering whether a Director is independent, the Board has regard to the independence criteria in ASX Council CGPR Principle 2 and other facts, circumstances and information the Board considers relevant.

3. Director Participation

Directors of Q Ltd are expected to regularly visit the business offices of Q Ltd and meet with management to gain a better understanding of business practices.

4. Committees of the Board

To assist in the execution of its corporate governance responsibilities, the Board has established four (4) committees, the Audit and Risk Committee, the Remuneration Committee, the Corporate Governance Committee and the Acquisition and Finance Committee. Requirements for Board committees are reviewed regularly. All committees operate principally in a review or advisory capacity, except in cases where powers are expressly conferred on or delegated to a committee by the Board.

Corporate Governance Statement

4.1 Audit and Risk Committee

The Board has established an Audit and Risk Committee that operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes.

This includes the safeguarding of assets, the maintenance of proper accounting records, the monitoring of risks and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the economic entity to the Audit and Risk Committee. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

The Committee comprises two Non-Executive Directors and the MD/CEO. The members of the Audit and Risk Committee during the year were Andrew H S Koo (Chairman), Kevin V Campbell and Paul G Choiselat. Full details and qualifications of the members are contained in the Directors' Report. All members are experienced in executive management, public Company management and finance. The Chair of the Audit and Risk Committee is not the chairman of the Board. The external auditors and the CFO are invited to Audit and Risk Committee meetings at the discretion of the Committee. The Committee met three times during the year. Attendance at the meetings is set out in the Directors' Report.

The Audit and Risk Committee is also responsible for directing and monitoring the internal audit function, nomination of the external auditor, monitoring the independence of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit or review. The Committee is expected to review the performance of the external auditors on an annual basis and meet regularly with them during the year.

4.2 Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration of Directors and other Key Management Personnel, evaluating Key Management Personnel and making recommendations to the Board on these matters. This role also includes responsibility for recommendations to the Board on share and option schemes, incentive performance packages, superannuation entitlements and fringe benefits policies.

Remuneration levels are competitively set to attract the most qualified and experienced Directors and Key Management Personnel. The Committee is authorised to obtain independent advice on the appropriateness of remuneration packages. The Committee comprises Bruce R Bennie, Kevin V Campbell (Chairman) and Paul G Choiselat. The Committee met once during the year. Attendance at the meeting is set out in the Directors' Report.

Details of the amount of remuneration, and all monetary and non-monetary components, for each of the Key Management Personnel during the year ended 30 June 2010 are contained in Table A of the Remuneration Report included in the Directors' Report. Termination entitlements for Key Management Personnel, if any, are also contained in Table A.

Non-Executive Directors are remunerated by way of fees and are not provided with retirement benefits.

4.3 Corporate Governance Committee

The Corporate Governance Committee is responsible for reviewing the corporate governance policies and procedures. The Committee conducts or facilitates the conduct of formal annual reviews of the internal guidelines relating to corporate governance, Board operation and membership and committee structures. This process ensures not only that the functions of board and management are clearly defined and understood but also that Q Ltd's Board procedures are continually reviewed and the highest standards of performance are maintained.

The Committee comprises Andrew HS Koo, Kevin V Campbell (Chairman) and Paul G Choiselat. The Committee met once during the year. Attendance at the meeting is set out in the Directors' Report.

4.4 Acquisition and Finance Committee

The Acquisition and Finance Committee was established by the Board in September 2006. The Committee is responsible for guidance and overseeing acquisition activities including identifying targets, conduct of the due diligence process and all related financing issues including raising equity and debt. The Committee comprises of Kevin V Campbell (Chairman), Paul G Choiselat, Mark Halstead and Andrew HS Koo

5. Access to Independent Professional Advice

The Directors, the Board and the Board Committees are empowered to seek external professional advice, as considered necessary, at Q Ltd's expense, subject to prior consultation with the Chairman. If appropriate, any advice so received will be made available to all Directors.

6. Access to Information

Directors are entitled to obtain access to Company employees, documents and information.

7. Risk Management

Q Ltd is committed to a high standard of service delivery to its clients and sound corporate governance which includes the management of risk areas. In FY 2010 the Board sought and hired an external party who specialises in corporate risk identification and management to assist the GROUP to further identify its risk areas and to upgrade its current risk management strategy and processes. This process is almost complete and will be implemented in FY 2011. Q Ltd recognises a responsibility to continuously identify strategic and operational risks and believes that effective risk management practice is central to its continued growth and long-term success.

Risk management matters are continuously under Board and MD/CEO review and key areas of our existing system are currently being upgraded. These changes will include:

- An upgraded organisation-wide risk framework consistent with the AS/NZS 4360:2004, Australian Risk Management Standard;
- Regular risk profile reporting from an online risk database with summary and detailed reporting as appropriate;
- Updated definition of management responsibilities for managing risks and tracking agreed risk actions.

These enhancements aim to:

- Further develop an organisational view and awareness of risk at all levels;
- Fully integrate risk management practices of the Company's recent acquisitions with those of the Company and the Company's other processes such as strategic planning;
- Ensure that the application of risk management adds value to our services; and
- Continuously identify opportunities for improvement in work practice and provide a driver for innovation.

Q Ltd is also in the process of upgrading its previously established control framework to respond to risk. Key elements include:

- Ongoing monitoring of strategic risk including external influences and changes;
- Financial management reporting including monitoring key performance indicators;
- Procedures to manage financial and compliance risks; and
- Recovery procedures for critical infrastructure and systems including comprehensive insurance arrangements.

Q Ltd assures itself on risk matters on a regular basis. Assurance reporting includes regular MD/CEO performance reports to the Board, non-compliance reporting, and the results of our internal and external audits. Any information relevant to material risks is reported as a matter of urgency and priority.

The MD/CEO and CFO annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- Q Ltd's financial reports present a true and fair view of Q Ltd's financial condition and operational results and are in accordance with relevant accounting standards; and
- Q Ltd's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

Corporate Governance Statement

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, a program of internal risk assessment activities and the careful selection and training of qualified personnel.

8. Ethical Standards

The Directors acknowledge the need for and continued maintenance of the highest standards of corporate governance practices and ethical conduct by all Directors and employees of Q Ltd. All Directors, Executives and employees are expected to act with the utmost integrity and objectivity in their dealings with each other, competitors, suppliers, customers, and the community, aiming at all times to enhance the reputation and performance of Q Ltd.

Q Ltd has adopted a Code of Conduct which sets standards of behaviour required of all employees including:

- to act properly and efficiently in pursuing the objectives of Q Ltd;
- to avoid situations which may give rise to a conflict of interest;
- to know and adhere to Q Ltd's policies;
- to maintain confidentiality in the affairs of Q Ltd and its customers;
- to be absolutely honest in all professional activities.

These standards are regularly communicated to staff and Directors and are accepted and agreed to by all.

Political contributions as a rule are not allowed by Q Ltd. Sponsorships undertaken by Q Ltd are aligned with the achievement of corporate objectives.

In accordance with the Constitution and the Corporations Act 2001, Directors disclose to the Board any material contract in which they may have an interest. In compliance with section 195 of the Corporations Act 2001 any Director with a material personal interest in a matter being considered by the Board will not be present when the matter is being considered and will not vote on the matter.

9. Dealings in Q Ltd securities

Under the Company's Share Trading Policy, all Directors and employees are subject to Corporations Act restrictions on dealing in securities in the Company if they are in possession of price sensitive information.

In addition, the Board of Directors and employees have been notified of certain trading windows in which permitted dealings of the Company's securities may occur:

- For 30 days from the commencement of the second trading day following the announcement of the Company's half year profit result.
- For 30 days from the commencement of the second trading day following the announcement of the Company's full year profit result.
- For 30 days from the commencement of the second trading day following the Company's Annual General Meeting.
- During the offer period (for so long as it remains open) under any publicly available prospectus issued by the Company offering securities.

Each Director has entered into an agreement with the Company to advise the Company when their interests in the securities of the Company changes. Share dealings by Directors are promptly notified to the ASX.

A copy of the Share Trading Policy is available on the Company's website.

Q Ltd

ABN 13 083 160 909

Corporate Governance Statement

10. Continuous Disclosure

Procedures and practices are in place to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules. Continuous disclosure involves the timely announcement of information to keep the market informed of material events and developments as they occur.

Once the Board becomes aware of information concerning Q Ltd which would be likely to have a material effect on the price or value of Q Ltd's securities, the Board ensures that the information is released to the ASX.

The Company Secretary must ensure that information for release to the market is not released to any other person until Q Ltd has given the information to the ASX and has received an acknowledgement that the ASX has released the information to the market

11. Communications to Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting Q Ltd. Information is communicated to shareholders as follows:

- regular announcements are made to the ASX, including the half-year financial report and the year end audited annual report;
- continuous disclosure releases made to the ASX;
- the Board ensures the annual report includes relevant information about the operations of Q Ltd during the year, changes in the state of affairs and details of future developments;
- the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification of Q Ltd's strategies and goals. All shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to Q Ltd; and
- the external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the contents of the Independent Audit Report.

The Company's reports and ASX announcements will be available for viewing and downloading from the Company's website at www.qxq.com.au or at the ASX website: www.asx.com.au under the ASX code "QXQ".

12. Interests of stakeholders

Q Ltd acknowledges the obligation it has towards stakeholders such as shareholders, customers, employees, suppliers and the community it serves. To fulfil its obligations, Q Ltd strives to observe the laws, act in the best interests of shareholders, manage the Company's assets properly, act in a highly professional way and promote a good corporate image among the industry.

13. Privacy

Q Ltd has developed and introduced a privacy policy following the implementation of the Privacy Act in December 2001 which deals with:

- collection of information
- disclosure of information
- storage of information
- security
- access to and correction of information.

14. Environment

The Board considers that responsible environmental management is important in Q Ltd. Q Ltd is making efforts to reduce its environmental impact. Areas that have been concentrated on are the reduction of energy consumption, the use of environmentally friendly products, the minimisation of waste, and increasing recycling efforts.

15. Registry

Computershare Investor Services Pty Limited is Q Ltd's security register manager and is responsible for maintaining and holding all shareholder records electronically.

Q Ltd

ABN 13 083 160 909

Corporate Governance Statement

Compliance with The ASX Corporate Governance Principles and Recommendations
The extent to which Q Ltd has followed the ASX Council CGPR are as follows:

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	Compliance	Corporate Governance Statement (CGS) References/Comments
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	1, 2
1.2 Formalise and disclose the process for evaluating the performance of management.	Yes	4.2
1.3 Provide the information indicated in Guide to reporting in Principle 1.	Yes	Annual Report CGS
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
2.1 A majority of the Board should be independent Directors.	Yes	2
2.2 The Chairperson should be an independent director	Yes	2
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual	Yes	2
2.4 The Board should establish a nomination committee.	No	The functions to be performed by a nomination committee under the ASXCGPR are currently performed by the full Board. Having regard to the number of members currently comprising the Board, the Board does not consider it necessary to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to Q Ltd's circumstances.
2.5 Formalise and disclose the process for evaluating the performance of the Board, its committees and individual Directors	Yes	2
2.6 Provide the information indicated in Guide to reporting on Principle 2.	Yes	Annual Report Website CGS

Corporate Governance Statement

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING		
3.1 Establish a Code of Conduct to guide the Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:	Yes	8
3.1.1 The practices necessary to maintain confidence in the Company's integrity.	Yes	
3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	Yes	
3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2 Disclose the policy concerning trading in Company securities by Directors, officers and employees.	Yes	9
3.3 Provide the information indicated in Guide to reporting on Principle 3.	Yes	Annual Report Website CGS
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
4.1 The Board should establish an audit committee.	Yes	4.1
4.2 Structure the audit committee so that it consists of: • Only non-executive Directors. • A majority of independent Directors. • An independent chairperson, who is not chairperson of the board. • At least three members	 No Yes Yes Yes	The Audit Committee currently comprises 2 Non-Executive Directors and the MD/CEO. Having regard to the number and expertise of members currently comprising the Board, the Board does not consider it appropriate to exclude the MD/ CEO. However, the non-executive members of the Audit Committee are provided with an opportunity to meet with the external auditors without the MD/CEO and management. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to Q Ltd's circumstances.
4.3 The audit committee should have a formal charter.	Yes	4.1
4.4 Provide the information indicated in Guide to reporting on Principle 4.	Yes	Annual Report Website CGS

Corporate Governance Statement

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	10
5.2 Provide the information indicated in Guide to reporting on Principle 5.	Yes	Annual Report CGS
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS		
6.1 Design and disclose a communications strategy for promoting effective communication with shareholders and encouraging participation at general meetings.	Yes	11, 12
6.2 Provide the information indicated in Guide to reporting on Principle 6.	Yes	Annual Report Website CGS
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
7.1 The Board or appropriate Board committee should establish and disclose policies on risk oversight and management.	Yes	7
7.2 Management to design and implement a risk management and internal control system to manage the Company's material business risks. The Board to disclose that management has reported to the Board in writing that: • The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Yes	7
7.3 The Board to disclose that the CEO (or equivalent) and the CFO (or equivalent) have provided to the board in writing that: • The declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	7
7.4 Provide the information indicated in Guide to reporting on Principle 7.	Yes	Annual Report CGS
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
8.1 The Board should establish a remuneration committee.	Yes	4.2
8.2 Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.	Yes	Annual Report
8.3 Provide the information indicated in Guide to reporting on Principle 8.	Yes	Annual Report CGS

Directors' Report

Your Directors present their report on Q Ltd together with the financial statements of the GROUP, being the Company and its controlled entities, for the year ended 30 June 2010.

Directors and Officers
The Board of Directors (Board) has power to appoint persons as Directors to fill any vacancies. Other than the Managing Director and those Directors appointed during the year, one-third (or the nearest number to) are required to retire by rotation at each Annual General Meeting and are eligible to stand for re-election together with those Directors appointed during the year to fill any vacancy who must retire and stand for election.

The names of the Company's Directors in office during or since the end of the financial year are as follows:

Kevin V Campbell AM	Chairman and Non-Executive Director
Paul G Choiselat	Executive Director (MD/CEO)
Bruce R Bennie	Non-Executive Director
Andrew HS Koo AM	Non-Executive Director
Mark Halstead	Executive Director (Managing Director 3 Dimension Interactive Pty Ltd)

Each of the above Directors has been in office for the entire financial year and up to the date of this report.

Details of Directors of the Company in office at the date of this report, and each Director's qualifications, experience and special responsibilities are below.

Kevin V Campbell AM Age: 66
Chairman (non-executive)

Board member and Chairman since January 2000, Mr Campbell has had an extensive and diverse career in the broadcasting industry in Australia for over thirty-eight years and has experience in media technology. He is a former Executive Chairman of TVW Enterprises Ltd, Perth and a former Chairman of the Lotteries Commission of Western Australia. He was the Chairman of Jumbuck Entertainment Ltd and retired October 2008, Chairman of Quickflix Ltd and immediate past Chairman of the Telethon Institute for Child Health Research. Mr Campbell is also a member of the General Division of the Order of Australia.

Mr Campbell is also Chairman of the Remuneration, Corporate Governance, Acquisition and Finance Committees and a member of the Audit & Risk Committee.

Mr Campbell holds an interest in 237,554 shares and has options to acquire a further 15,000 shares in Q Ltd as at the date of this report.

Bruce R Bennie B.Ec Age: 45
Director (non-executive)

Board member since November 2001, Mr Bennie has held senior sales and management positions in major corporations, including, a number of large US based telecommunication vendors such as Sales Director for Lucent Technologies Australia/NZ. He has strong skills in developing marketing strategies, contract negotiation and strategic selling to major telecommunications companies and brings to Q Ltd over twenty-six years of sales, management and marketing experience in the IT & T sector. Mr Bennie is also a Director of Jumbuck Entertainment Ltd. He is also a member of the Remuneration Committee.

Mr Bennie holds an interest in 25,334 shares and has options to acquire a further 6,667 shares in Q Ltd as at the date of this report.

Directors' Report

Mark Halstead B.Sc MAICD Age: 43
Director (executive)

Board member since July 2005, Mr Halstead is the Managing Director of 3 Dimension Interactive Pty Ltd. Mr Halstead brings to the Board extensive experience in advertising sales in the internet and television industries in Australia, Asia and the United Kingdom. He was the founder of 3di and continues to represent 3di at Australian Direct Marketing Association, Internet Advertising Bureau and Australian Interactive Media Industry. Mr Halstead is a member of the Acquisition and Finance Committee.

Mr Halstead holds an interest in 179,579 shares and has options to acquire a further 6,667 shares in Q Ltd as at the date of this report.

Andrew HS Koo AM, B.Ec, FCPA Age: 67
Director (executive)

Board member since July 2004, Mr Koo was appointed General Manager – QDi Direct Press in February 2002 and CEO in 2004. He retired as CEO in July 2007. He has extensive business experience in both the private and public sectors. Mr Koo is a past Executive Chairman of Tasmania Development and Resources, past Chairman of the Tasmanian State Training Authority, past Chairman of Derwent Entertainment Centre, and a past member of the Commonwealth Paper, Pulp, Printing and Publishing Industry Council. He has been chairman of a number of business associations as well as advisory boards to all levels of Government in Australia. Presently, Mr Koo is a member of the Board and Deputy Chairman of the Western Australia Academy of Performing Arts (WAAPA) and is a Director of a number of private companies. He is a Member of the General Division of the Order of Australia. Mr Koo is the chairman of the Audit & Risk Committee (appointed 20 September 2008), is a member of the Corporate Governance and the Acquisition and Finance Committees.

Mr Koo holds an interest in 204,000 shares and has options to acquire a further 15,000 shares in Q Ltd as at the date of this report.

Paul G Choiselat B.Bus (Accounting), Dip.Bus (Marketing), MBA, CPA, FCIS Age: 55
Director (executive)

Board member since June 2001, Mr Choiselat was appointed Managing Director in October 2002 and became full time CEO in June 2008. He has significant experience, primarily in investment, finance, manufacture, healthcare, retail sectors, media and technology. He has had extensive experience in funds management, underwriting and venture capital through Beconwood Securities Pty Ltd, his privately owned investment banking business which had an arrangement to supply certain facilities and services to Q Ltd. Mr Choiselat is also a Non-Executive Director of IPGA Ltd. He was previously the Managing Director of Jumbuck Entertainment Ltd (Oct 2002 to June 2008) and Managing Director of the New Zealand listed TRS Investments Ltd. He has also been a Non-Executive Director of Healthscope Ltd (Jan 2000 to Jan 2006), Destra Corporation Ltd (March 2006 to April 2008) and Quickflix Ltd (Dec 2006 to Nov 2007). Mr Choiselat is responsible for the general management of Q Ltd. He is also a member of the Audit & Risk, Corporate Governance, Remuneration and Acquisition and Finance Committees.

Mr Choiselat holds an interest in 12,855,486 shares and has options to acquire a further 15,000 shares in Q Ltd as at the date of this report.

Directors' Report

Secretary of the Company
The Company Secretary of the GROUP in office at the date of this report is Ms May Chuah. Ms Cynthia Chan resigned as joint Company Secretary on 13 November 2009. Their qualifications and experience are set out below:

Ms May A Chuah
B.Comm., CA
Company Secretary and Chief Financial Officer

Has been CFO of Q Ltd since October 2002 and was appointed Company Secretary in November 2006. Ms Chuah holds a Bachelor of Commerce degree and is a member of the Institute of Chartered Accountants in Australia. Ms Chuah has extensive experience in the corporate/finance area extending to areas of Initial Public Offerings and Mergers and Acquisitions. Responsibilities include all external reporting and regulatory compliance, corporate governance, internal reporting, day to day operational matters, systems, policies, ad hoc projects and other financial services including activities related to acquisitions and capital raisings.

Ms Chuah does not hold any shares Q Ltd as at the date of this report.

Ms Cynthia Chan (Resigned 13 November 2009)
B. Comm, FINSIA (SA), CSA (Aff)
Company Secretary

Directors' and Officers' Indemnity
The Company has indemnified each Director of the GROUP, the Company Secretary and previous Directors and secretaries (Officers) against all liabilities or loss (other than to the Company or a related body corporate) that may arise from their position as Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an Officer of the Company.

The Company has also indemnified the current and previous Directors of its controlled entities and certain members of the Company's senior management for all liabilities and loss (other than to the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act.

The Company has executed deeds of indemnity in accordance with clause 27 of the Company's Constitution, in favour of each Non-Executive Director of the Company and certain Non-Executive Directors of related bodies corporate of the Company.

Directors' Report

Directors' and Officers' Insurance
The Company has paid insurance premiums for one year cover in respect of Directors' and Officers' liability insurance contracts, for Officers of the Company and of its controlled entities. The insurance cover is on standard industry terms and provides cover for loss and liability for wrongful acts in relation to the relevant person's role as an Officer, except that cover is not provided for loss in relation to Officers gaining any profit or advantage to which they were not legally entitled, or Officers committing any criminal, dishonest, fraudulent or malicious act or omission, or any knowing or wilful violation of any statute or regulation. Cover is also only provided for fines and penalties in limited circumstances and up to a small financial limit.

The insurance does not provide cover for the independent auditors of the Company or of a related body corporate of the Company.

In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

Principal Activities
The principal activity of the GROUP during the year was the provision of digital marketing services.

Review of Operations
A detailed review of operations and the results of those operations is set out in the Chairman's Message and MD/CEO Report in this Annual Report.

Except for the matters disclosed at the date of this report, there are no other matters or circumstances which have arisen since 30 June 2010 which have significantly affected or may significantly affect:
(a) the operations in future financial periods of the GROUP constituted by the Company and the entities it controls from time to time;
(b) the results of those operations in future financial periods; or
(c) the state of affairs, in future financial periods, of the GROUP.

Dividends
No dividends have been paid or declared since the start of FY 2010 and Q Ltd does not propose to pay a dividend for this reporting period.

Share Issues
During the course of FY2010, the Company issued the following shares:

Month	No. of shares	Amount received $	Issue type
July 2009	6,936	NIL	Part consideration for acquisition of Freestyle Media Group Pty Ltd.
July 2009	14,299,380	1,215,446	5:7 right issues.
October 2009	28,170,542	2,394,497	1:1 right issues.
October 2009	3,657,600	NIL	Part consideration for acquisition of Market United Pty Ltd.
December 2009	3,457,206	NIL	Final consideration for acquisition of Market United Pty Ltd.
December 2009	7,530,966	NIL	Final consideration for acquisition of Great Australian Survey Pty Ltd.
December 2009	458,780	NIL	Final consideration for acquisition of First Rate Limited.

Directors' Report

Events Subsequent to Reporting Date
There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future Developments
Other than comments on likely developments or expected results of the GROUP which are included in the Chairman's Message and the MD/CEO's Report, in the opinion of the Directors, further information on likely developments in the operations of the GROUP and the expected results of those operations in future financial periods have been omitted as the Directors believe it would be likely to result in unreasonable prejudice to the GROUP's interests if such further information were included in this report.

Business Strategies and Prospects
Comments on the GROUP's business strategies and its prospects for future financial years are included in the Chairman's Message and the MD/CEO's Report. In the opinion of the Directors, further information on the GROUP's business strategies and its prospects for future financial years would, if included in this report, be likely to result in unreasonable prejudice to the GROUP's interest.

Environmental Issues
The Company takes a responsible approach in relation to the management of environmental matters. The economic entity's operations are not subject to significant environmental regulation under the laws of the Commonwealth and State.

Directors' Report

Meetings of Directors
The table below shows the number of Directors' meetings held (including meetings of Board committees) and number of meetings attended by each of the Directors of the Company during the year:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS							
			AUDIT & RISK COMMITTEE		REMUNERATION COMMITTEE		CORPORATE GOVERNANCE COMMITTEE		ACQUISITION AND FINANCE COMMITTEE	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr K V Campbell	16	16	3	3	1	1	1	1	N/A*	N/A*
Mr B R Bennie	16	16	-	-	1	1	-	-	-	-
Mr P G Choiselat	16	15	3	3	1	1	1	1	N/A*	N/A*
Mr A H S Koo	16	16	3	3	-	-	1	1	N/A*	N/A*
Mr M Halstead	16	16	-	-	-	-	-	-	N/A*	N/A*

*The Committee did not meet during the year but matters were discussed by the full Board at a number of meetings during FY2010.

Directors' and Executives' Interests
The table below shows the interests of each Director (as notified to the ASX in accordance with section 205G(1) of the Corporations Act) and executive in the issued ordinary shares of the GROUP as at the date of this report.

	Fully Paid Ordinary Shares	Options
Mr K V Campbell	237,554	15,000
Mr B R Bennie	25,334	6,667
Mr P G Choiselat	12,855,486	15,000
Mr A H S Koo	204,000	15,000
Mr M Halstead	179,579	6,667
Ms MA Chuah	-	-

Options
There were no options granted over unissued shares by the Company during or since FY2010. The total balance of options over unissued shares held by Directors and employees at year end is 203,250.

Directors' Interests in Contracts
No material contracts involving Directors' interests were entered into since the end of the previous financial year, or existed at the end of the year, other than those transactions detailed in Note 26 to the Financial Statements.

Proceedings on behalf of the Company
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services
The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all material non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

Directors' Report

Audit Services
The statement by the external auditors to the members of Q Ltd in relation to the auditors' compliance with the independence requirements of the Corporations Act and the professional code of conduct for external auditors, forms part of this Directors' Report and is set out after this Directors' Report.

Remuneration Report

This Remuneration Report forms part of the Directors' Report and outlines the remuneration arrangements for Directors and other Key Management Personnel of Q Ltd for the financial year ended 30 June 2010.

Director and other Key Management Personnel Details

The following persons acted as Directors of the Company during the financial year or since the end of the financial year.

Kevin V Campbell	Director – Non Executive (Chairman)
Paul G Choiselat	Director – MD/CEO
Bruce R Bennie	Director – Non Executive
Andrew HS Koo	Director – Non Executive
Mark Halstead	Director – Managing Director of 3 Dimension Interactive Pty Ltd

The term 'other Key Management Personnel' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

May A Chuah	Company Secretary/CFO
Cynthia Chan	Company Secretary (resigned 13 November 2009)

Remuneration Committee Role
The membership, responsibilities, authority and activities of the Remuneration Committee are set out in the Remuneration Committee Charter, which has been approved by the Board.

The responsibilities of the Remuneration Committee are to:
- monitor, review and recommend to the Board, as necessary and appropriate:
    - the remuneration, superannuation and incentive policies and arrangements for the MD/CEO and for Key Management Personnel;
    - the remuneration arrangements for Non-Executive Directors on the Board;
    - the recruitment, retention and termination policies and procedures for Key Management Personnel; and
    - key appointments and executive succession planning.
- oversee the GROUP's general remuneration strategy; and
- monitor the GROUP's culture and reputation and review behavioural standards on a regular basis, and report and submit recommendations to the Board.

Membership and Meetings
The following outlines the member composition of the Remuneration Committee during the year:
Mr Kevin V Campbell (Chairman)
Mr Bruce R Bennie
Mr Paul G Choiselat (MD/CEO)

The Remuneration Committee met once during the year. The number of meetings attended by each member during the year is set out above in the report of the Directors.

Other GROUP executives may attend the Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except on matters associated with their own remuneration.

Advisers
External specialist remuneration advice is sought on a needs basis in respect of remuneration arrangements for Non-Executive Directors of the Board and Key Management Personnel of the GROUP. General reward advice is sought on an ad hoc basis.

Directors' Report

Reward Policy
The Company has an established policy for determining the nature and amount of emoluments of Board Members and Key Management Personnel of the Company to align remuneration with the creation of shareholder value. The remuneration structure for the Key Management Personnel, including the MD/CEO, seeks to emphasise payment for results.

Reward Philosophy
The Company's overall philosophy is to manage the remuneration to:

- create an environment that will attract top talent, and where people can be motivated with energy and passion to deliver superior performance;
- recognise capabilities and promote opportunities for career and professional development;
- provide rewards, benefits and conditions that are competitive within the markets in which the GROUP operates; and
- provide fair and consistent rewards across the GROUP, which support corporate principles.

In accordance with the ASX Council GPR, the structure of Non-Executive Directors and Key Management Personnel remuneration is separate and distinct.

Company Performance
The table below summarises the financial performance of the GROUP for the last 5 years, as well as the share price at the end of the respective financial years.

	2006	2007	2008	2009	2010
	$	$	$	$	$
Revenue	8,324,219	13,423,418	26,565,673	27,294,390	27,674,772
Net Profit/(Loss) after tax	(515,121)	1,344,570	(774,577)	384,904	(27,729,004)
	Cents	Cents	Cents	Cents	**Cents**
Share Price at Year-start	0.026	0.024	0.090	0.017	0.110
Share Price at Year-end	0.024	0.090	0.017	0.11*	0.030
Basic earnings per share	(0.40)	0.30	(0.10)	4.10	(50.65)
Diluted earnings per share	(0.30)	0.30	(0.10)	4.10	(50.65)
Dividends Paid	NIL	NIL	NIL	NIL	NIL

* The Company consolidated its capital on a ratio of 100:1 in November 2008.

Key Management Personnel Remuneration
The Company aims to reward Key Management Personnel with a level of remuneration commensurate with their position and responsibilities within the Company and is moving so as to:

- Reward Key Management Personnel for achievement of pre-determined key performance indicators;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

The Company is moving towards annual reviews using a formal appraisal process for the remuneration of Key Management Personnel and other employees.

The Remuneration Committee recommends to the Board increases in fixed remuneration each year based on the performance of individuals. In addition, the Committee reviews the performance and the remuneration of the MD/CEO and recommends to the Board any short-term incentive payments and adjustments to his remuneration.

The remuneration structure is in two parts:

- Fixed remuneration; and
- Variable remuneration.

Directors' Report

Fixed Remuneration

Fixed remuneration comprises salary, superannuation and other benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase contributions to their superannuation fund at no additional cost to the Company.

Variable Remuneration

Comprises a short term incentive plan and a long term incentive plan.

- Short term incentive plan

  Short term incentives are used to differentiate rewards based on performance on a year by year basis. The principal performance indicator of the short term incentive plan is based on the Company's financial performance and individual achievement of specified goals, for example for achieving progress with growth initiatives.

- Long term incentive plan

  Q Ltd operates an employee option plan called the Q Ltd Incentive Option Scheme ("Scheme"). The Scheme is designed to provide a long term incentive for employees and Directors of Q Ltd by aligning their interests more closely with those of Q Ltd shareholders. It will allow employees to participate in Q Ltd's future growth and give them an incentive to increase profitability and returns to shareholders. Full time employees, part-time employees, Directors and contractors of Q Ltd are eligible to participate in the Scheme.

  At a meeting of the Remuneration Committee held on 7th February 2002, the Committee acknowledged that an issue of options to any Director of the Company (and/or their associates) would need the approval of shareholders and agreed that such issues should ideally be made outside of the Scheme. The entitlement of eligible participants under the Scheme is at the absolute discretion of the Directors. The exercise price of each option offered pursuant to the Scheme is at the discretion of the Directors.

  The total number of options which may be issued under the Scheme may not exceed 5% of the total number of issued shares in Q Ltd as at the time of the proposed offer or issue. The options hold no voting or dividend rights, and are not transferable.

  During and since the end of the financial year, no options were issued to employees under the Scheme. The Company consolidated its capital on a 100:1 ratio in November 2008. 65,250 (post consolidation) options were forfeited during the financial year. There are 203,250 options on issue at 30 June 2010.

The main vesting conditions for options granted to Key Management Personnel are as follows:

- Options may be exercised at any time between vesting and expiry date
- Options not exercised on or before expiry date will lapse
- Options will vest with the option holder on vesting date. In the event of a takeover bid for more than 50% of the Company's shares, this vesting condition will be waived, provided that the option holder is an employee of the Company at vesting date subject to the following:
  - (i) If an employee is transferred into an entity not forming part of the Company as a result of some form of merger or acquisition, this vesting condition will be waived
  - (ii) In the event of a takeover bid for more than 50% of the Company's shares, this vesting condition will be waived
  - (iii) In the event the employee has been with the Company (or its related body corporate) for in excess of 5 years service prior to leaving, the Board will have the discretion to waive the vesting condition.

The options are not linked to the performance of the GROUP because the GROUP has been in transition phase. Part of this has resulted in the GROUP pursuing top line growth with a lesser focus on maximising profit growth. Setting vesting conditions on options that are linked to profit growth during this period would have resulted in a possible disconnect between the objectives of the GROUP and that of the employees. In the circumstances we believe that the vesting conditions are fair and appropriate.

The Company has no policy in respect of employees hedging options issued to them.

Directors' Report

During the last 5 years, the Company has been transforming itself from having printing and mobile content businesses to now having a digital marketing services business. This included the disposal of all of the Company's previous business activities and replacing them with a new business comprising a number of complimentary businesses involved in different segments of the digital marketing services sector. The performance of the Company during that time has been volatile and difficult to predict. Accordingly it has been difficult for the Company's remuneration policy to be closely linked to its performance during the last few years. The Company's remuneration policy will be more closely linked to the Company's performance once the integration of the businesses is completed satisfactorily.

Key Management Personnel Remuneration

The following table summarises the remuneration arrangements for executive Directors and other Key Management Personnel.

	Mr PG Choiselat	**Mr M Halstead**	**Ms MA Chuah**	**Ms C Chan**
Position	CEO	Managing Director of 3 Dimension interactive Pty Ltd	Company Secretary/CFO	Company Secretary
Term of employment agreement	July 2008 to June 2012	No contract in place	No contract in place	No contract in place
Notice period	12 months	No contract in place	No contract in place	No contract in place
Total employment cost (TEC) (1)	$293,008	$207,438	$265,675 (2)	$33,546 (3)
Short term incentive	Bonus based on a percentage of a fixed allocated bonus pool subject to achievement of target EBITDA.	Bonus based on a percentage of fixed allocated bonus pool subject to achievement of targeted EBITDA.	No variable remuneration was paid during the year.	No variable remuneration was paid during the year.
Long term incentive	Bonus based on a percentage of targeted EBITDA. 15,000 options on issue at 30 June 2010.	6,667 options on issue at 30 June 2010	N/A	N/A
Other benefits	Executive Directors are eligible to participate in other benefits that are normally provided to executives employed by the Company, subject to any overriding legislation prevailing at the time including the *Corporations Act* 2001 (Cth)	Executive Directors are eligible to participate in other benefits that are normally provided to executives employed by the Company, subject to any overriding legislation prevailing at the time including the *Corporations Act* 2001 (Cth)	N/A	N/A
Termination by executive	12 months	No contract in place	No contract in place	No contract in place
Termination by Company	12 months	No contract in place	No contract in place	No contract in place

1. A portion of TEC may be taken in the form of packaged benefits (such as a motor vehicle and parking), and is inclusive of fringe benefits tax and employer superannuation contributions.
2. The $251,500 salary & fees in respect of MA Chuah includes $94,000 paid to Beconwood Securities Pty Ltd, a related party associated with P G Choiselat, a director of the Company for services rendered to the Company during the period when M A Chuah was an employee of Beconwood Securities Pty Ltd.
3. The $33,546 salary & fees in respect of C Chan was paid to Beconwood Securities Pty Ltd, a related party associated with P G Choiselat, a director of the Company for services rendered to the Company by C Chan as an employee of Beconwood Securities Pty Ltd.

Directors' Report

The Board is moving towards agreeing or determining each year, reasonable performance measures and targets for use in assessing each Executive Director's performance. After the end of each financial year, the Board plans to review each Executive Director's performance by reference to these measures and targets. STI targets (as a percentage of TEC) are to be determined annually by the Board for the coming year. TEC is base remuneration inclusive of superannuation and benefits but excludes leave accrued not taken.

Details of Remuneration
The following table shows details of the nature and amount of each element of the remuneration paid or payable with respect to services provided for the period as Directors of the Company and other Key Management Personnel of the GROUP during FY2010. All Directors and other Key Management Personnel are paid in Australian dollars.

No retirement benefits were paid or payable to Directors or other Key Management Personnel in FY2010.

The following Directors and executives include all Key Management Personnel.

TABLE A

	Short term employee benefits			Post employment benefits	Other Long Term Employee Benefits	Share based payment	Total	
2010	Salary & Fees $	Bonus $	Other $	Superannuation $	$	Options & Rights $	$	% remuneration Consisting of Options
Non-executive Directors								
B R Bennie	45,000	-	-	4,050	-	339	49,389	0.7
K V Campbell	75,000	-	-	6,750	-	508	82,258	0.6
A H S Koo	45,000	-	-	4,050	-	508	49,558	1.0
Executive directors								
P G Choiselat	292,500	-	-	-	-	508	293,008	0.2
M Halstead	190,000	-	-	17,100	-	338	207,438	0.2
Sub total	647,500	-	-	31,950	-	2,201	681,651	25.5
Executive Officers								
M A Chuah (1)	251,500	-	-	14,175	-	-	265,675	-
C Chan (2)	33,546	-	-	-	-	-	33,546	-
Sub Total	285,046	-	-	14,175	-	-	299,221	-
Total	932,546	-	-	46,125	-	2,201	980,872	

1. The $251,500 salary & fees in respect of MA Chuah includes $94,000 paid to Beconwood Securities Pty Ltd, a related party associated with P G Choiselat, a director of the Company for services rendered to the Company during the period when M A Chuah was an employee of Beconwood Securities Pty Ltd.

2. The $33,546 salary & fees in respect of C Chan was paid to Beconwood Securities Pty Ltd, a related party associated with P G Choiselat, a director of the Company for services rendered to the Company by C Chan as an employee of Beconwood Securities Pty Ltd.

Directors' Report

TABLE B

2009	Short term employee benefits Salary & Fees $	Bonus $	Other $	Post employment benefits Superannuation $	Other Long Term Employee Benefits $	Share based payment Options & Rights $	Total $	% Remuneration Consisting of Options
Non-executive directors								
B R Bennie	45,000	-	-	4,050	-	1,678	50,728	3.3
K V Campbell	75,000	-	-	6,750	-	2,517	84,267	3.0
Hon. J G Kennett	13,699	-	-	1,230	-	(2,103)	12,796	(16.0)
A H S Koo	45,000	-	-	4,050	-	2,517	51,567	4.9
Executive directors								
P G Choiselat	292,500	-	-	-	71,000	2,517	366,017	0.7
M Halstead	193,750	-	-	17,438	-	1,678	212,866	0.8
Sub total	664,919	-	-	33,518	71,000	8,804	778,241	1.1
Executive Officers								
M A Chuah	251,840						251,840	-
C Chan	44,802	-	-	-	-	-	44,802	-
Sub Total	296,642	-	-	-	-	-	296,642	-
Total	961,561	-	-	33,518	71,000	8,804	1,074,883	0.8

In addition to remuneration benefits above, the Company paid a premium for a contract insuring all Directors of the Company and specified executives of the GROUP as officers. It is not possible to allocate the benefit of this premium between individual Directors or specified executives. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the premium paid under the contract.

Non-Executive Director Remuneration
The following persons were Non-Executive Directors of the Company at 30 June 2010:

Name	**Position**
Kevin V Campbell	Chairman
Bruce R Bennie	Non-Executive Director
Andrew H S Koo	Non-Executive Director

Directors' Report

Remuneration Policy
The fees paid to Non-Executive Directors are based on advice and data from the GROUP's remuneration specialists and from external remuneration advisers. This advice takes into consideration the level of fees paid to Board members of other listed Australian corporations, the size and complexity of the GROUP's operations, the activities of the GROUP and the responsibilities and workload requirements of Board members.

Fees are established annually for the Chairman and Non-Executive Directors.

The total fees paid by the GROUP to the Non Executive Directors, including fees paid for their involvement on Board committees, are kept within the maximum approved by shareholders from time to time. The current shareholder approved maximum fee pool approved by the shareholders is $350,000 per annum.

All Directors have flexibility in relation to their remuneration, including the opportunity to set aside additional Company superannuation contributions.

The appointment letters for the Non-Executive Directors set out the terms and conditions of their appointments. These terms and conditions are in conjunction with, and subject to, the Company's Constitution and the charters and policies approved by the Board from time to time.

Each Non-Executive Director receives a fee for being a Director of the Company but no additional fees for sitting on or chairing committees. The Non-Executive Directors also receive superannuation contributions, currently at 9%, and do not receive any other retirement benefits.

Options
There were no new options granted to Directors in FY2010.

Details of total options on issue by Q Ltd as at 30 June 2010 in respect of Directors and other Key Management Personnel are set out below.

Issuing entity	Option series grant date	Number of shares under option	Class of shares	Fair value of option (dollars) at date of issue	Exercise price of option (dollars)	Vesting date	Expiry date of option
Q Ltd	Issued 30/11/2006	15,000	Ordinary	0.8	2.68	30/09/2007	30/09/2010
Q Ltd	Issued 30/11/2006	21,667	Ordinary	1.2	2.90	30/09/2008	30/09/2011
Q Ltd	Issued 30/11/2006	21,667	Ordinary	1.3	3.12	30/09/2009	30/09/2012
Total		58,334					

Conditions of the Options:
Each option will convert into 1 ordinary share. The vesting of the options will occur in three tranches according to the vesting dates in the above table. Options may be exercised before the expiry date on or after the vesting date for each series. The option holder must be employed by the Company to satisfy the vesting conditions for the options issued under the Q Ltd Incentive Option Scheme.

Directors' Report

The following share-based payment compensation to Directors and other Key Management Personnel relates to the current financial year:

	Grant date	Value of options granted at grant date $	No. Granted post 100:1 consolidation	No Vested	% Grant vested	No. options forfeited	No. exercised to date	Amount paid to date	Amount unpaid
B R Bennie	30/11/2006	9,600	6,667	6,667	100	-	3,333	8,933	-
K V Campbell	30/11/2006	14,400	15,000	15,000	100	-	-	-	-
P G Choiselat	30/11/2006	14,400	15,000	15,000	100	-	-	-	-
M Halstead	30/11/2006	9,600	6,667	6,667	100	-	3,333	8,933	-
AHS Koo	30/11/2006	14,400	15,000	15,000	100	-	-	-	-
Total		62,400	58,334	58,334		-	6,666	17,866	-

Valuation Method of Options
The Company has in respect of the equity based Options component of Directors' and Officers' emoluments valued those Options using the Black-Scholes Option Pricing Model. This methodology takes account of factors including the options exercise price, the historical volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, market price on the underlying share at the date of issue and expected life of the option.

This report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.

Paul G Choiselat
MD/CEO
22 September 2010

Deloitte.

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The Board of Directors
Q Limited
Suite 1, 40-44 St Kilda Road
St Kilda VIC 3182
MELBOURNE, VIC 3000

22 September 2010

Dear Board Members,

Q Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Q Limited.

As lead audit partner for the audit of the financial statements of Q Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountant

Q Ltd
ABN 13 083 160 909

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
Continuing Operations			
Revenue	2	27,567,689	27,117,293
Cost of sales		(11,441,335)	(9,325,132)
Gross profit		16,126,354	17,792,161
Other revenue	2	107,083	177,097
Administration and other related costs		(1,035,233)	(1,255,997)
Consultants		(33,388)	(233,578)
Depreciation and amortisation	3	(565,945)	(787,907)
Employee benefits		(12,490,502)	(11,662,473)
Finance costs	3	(30,827)	(35,648)
Impairment	13	(27,120,518)	-
Insurance		(118,449)	(159,052)
Marketing		(448,917)	(529,992)
Occupancy		(913,546)	(1,050,747)
Other expenses		(1,072,528)	(1,114,568)
Travel and accommodation		(327,261)	(365,232)
Profit (Loss) before income tax expense		(27,923,677)	774,064
Income tax benefit/(expense)	4	194,673	(389,160)
Profit/(Loss) for the year from continuing operations		(27,729,004)	384,904
Discontinued Operations		-	-
Profit/(Loss) for the year attributable to owners of the Company		(27,729,004)	384,904
Other comprehensive income			
Exchange differences on translating foreign operations		15,069	(61,216)
Total other comprehensive income for the year		15,069	(61,216)
Total Comprehensive Income For The Year Attributable to Owners of the Company		(27,713,934)	323,688
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	7	(50.7)	4.1
Diluted earnings per share (cents per share)	7	(50.7)	4.1

The accompanying notes form part of these financial statements.

Q Ltd
ABN 13 083 160 909

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	8	1,199,057	2,429,496
Trade and other receivables	9	5,494,643	5,020,518
Other	10	33,702	52,102
TOTAL CURRENT ASSETS		6,727,402	7,502,115
NON-CURRENT ASSETS			
Other financial assets	11	-	18,677
Property, plant and equipment	12	699,727	873,280
Intangibles	13	2,774,426	29,088,814
Deferred tax assets	15	3,077,000	2,882,327
TOTAL NON-CURRENT ASSETS		6,551,153	32,863,098
TOTAL ASSETS		13,278,555	40,365,213
CURRENT LIABILITIES			
Trade and other payables	14	5,858,130	11,150,192
Borrowings	16	259,707	270,000
Provisions	17	555,997	385,581
TOTAL CURRENT LIABILITIES		6,673,834	11,805,773
NON-CURRENT LIABILITIES			
Borrowings	16	-	9,638
Provisions	17	-	82,471
TOTAL NON-CURRENT LIABILITIES		-	92,109
TOTAL LIABILITIES		6,673,834	11,897,882
NET ASSETS		6,604,721	28,467,331
EQUITY			
Issued capital	18	47,214,453	41,392,828
Reserves	19	148,881	104,112
Accumulated losses		(40,758,613)	(13,029,609)
TOTAL EQUITY		6,604,721	28,467,331

The accompanying notes form part of these financial statements.

Q Ltd
ABN 13 083 160 909

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2010

	Note	Fully paid ordinary shares $	Accumulated losses $	Reserves $	Total $
Balance at 1 July 2008		39,170,024	(13,414,513)	74,985	25,830,496
Profit for the year		-	384,904	-	384,904
Other comprehensive income for the year		-	-	(61,216)	(61,216)
Total comprehensive income for the year		-	384,904	(61,216)	323,688
1,668,437 shares issued during the year		2,315,381	-	-	2,315,381
Transaction costs relating to share issue		(92,577)	-	-	(92,577)
Recognition of share based payments	19	-	-	90,343	90,343
Balance at 30 June 2009		41,392,828	(13,029,609)	104,112	28,467,331
Loss for the year		-	(27,729,004)	-	(27,729,004)
Other comprehensive income for the year		-	-	15,069	15,069
Total comprehensive income for the year		-	(27,729,004)	15,069	(27,713,935)
57,581,410 shares issued during the year		6,001,034			6,001,034
Transaction costs relating to share issue		(179,409)	-	-	(179,409)
Recognition of share based payments	19	-	-	29,700	29,700
Balance at 30 June 2010		47,214,453	(40,758,613)	148,881	6,604,721

The accompanying notes form part of these financial statements.

Q Ltd
ABN 13 083 160 909

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,708,968	29,235,410
Payments to suppliers and employees		(28,960,734)	(27,453,178)
Interest received		26,855	130,546
Interest and other costs of finance paid		(18,034)	(39,674)
Net cash (used in)/generated by operating activities	21a	(242,945)	1,873,104
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(485,543)	(677,105)
Deferred payments relating to prior period acquisitions		(3,928,425)	(3,676,429)
Receipt for sale of fixed asset		-	20,891
Net cash used in investing activities		(4,413,968)	(4,332,643)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	18	3,609,943	-
Share issue costs		(165,051)	(89,863)
Proceeds from borrowings		-	250,000
Repayment of borrowings		(18,418)	(108,343)
Net cash generated by financing activities		3,426,474	51,794
Net decrease in cash held		(1,230,439)	(2,407,745)
Cash and cash equivalents at beginning of financial year		2,429,496	4,837,241
Cash and cash equivalents at end of financial year	8	1,199,057	2,429,496

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report comprises the consolidated financial statements of the GROUP. Q Ltd is a listed public Company, incorporated and domiciled in Australia.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the GROUP and Company comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorized for issue by the Directors on 22 September 2010.

Basis of Preparation
The financial report has been prepared on the basis of historical cost, unless otherwise stated. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Unless otherwise indicated, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

The accounting policies set out below have been consistently applied to all years presented.

Going Concern
The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the financial year ended 30 June 2010, the consolidated entity reported a loss before impairment and income tax of $803,159 and generated negative cashflows from operating activities of $242,945. Further, as disclosed in Note 29, the Company has an excess of current liabilities over current assets of $223,539 as at 30 June 2010.

Notwithstanding the above the financial report has been prepared on a going concern basis on the assumption that the consolidated entity will generate sufficient operating cash flows to enable its trading debts to be paid as and when they are payable.

At the date of this report and having considered the above position the directors are confident that the consolidated entity will be able to continue as a going concern. The directors are confident that the consolidated entity will generate sufficient positive cashflows in the coming year as a result of:-

(a) an increase in demand for existing and new services; and
(b) the positive impact on both profitability and cashflow of the operational restructure that was completed in June 2010 as referred to in the MD/CEO's report.

Nothwithstanding the above there is a significant uncertainty whether the Company and the consolidated entity will continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and the consolidated entity not continue as going concerns.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Adoption of new and revised Accounting Standards

In the current year, the GROUP has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of the relevant standards had no impact on the financial report.

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out below.

Standards affecting presentation and disclosure

AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third statement of financial position at 1 July 2008, when the entity has applied new accounting policies retrospectively.
AASB 8 Operating Segments	AASB 8 is a disclosure Standard that has resulted in are designation of the GROUP's reportable segments (see note 23).
AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments	The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The GROUP has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
Amendments to AASB 107 Statement of Cash Flows (adopted in advance of effective date of 1 January 2010)	The amendments (part of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Standards and Interpretations adopted with no significant impact on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-1 Amendments to Australian Accounting Standard – Share-based payments: Vesting Conditions and Cancellation	The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
AASB 123 Borrowing Costs (as revised in 2007) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123	The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the GROUP's accounting policy to capitalise borrowing costs incurred on qualifying assets.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Projects AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project	In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in detail of the GROUP's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. In addition to the amendments to AASB 5 and AASB 107 described earlier in this section, and amendments to AASB 117 discussed below, the amendments have led to a number of changes in the detail of the GROUP's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. Except as noted below, the changes in AASB 2009-5 have been adopted in advance of their effective dates of 1 January 2010
AASB 2009-6 Amendments to Australian Accounting Standards and Erratum General Terminology Changes (October 2009)	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also makes additional amendments as a consequence of the issuance in September 2007 of a revised AASB 101. The Erratum makes a number of additional terminology-related and editorial changes. These amendments have no major impact the requirements of the amended pronouncements.
AASB 2009-7 Amendments to Australian Accounting Standards	This Standard makes amendments to AASB 5, AASB 7, AASB 139 and Interpretation 17 to correct errors that occurred in AASB 2008-12 Amendments to Australian Accounting Standards Reclassification of Financial Assets Effective Date and Transition, AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 distributions of Non-cash assets to Owners and Interpretation 17 itself. The other amendments reflect changes made by the IASB to its pronouncements. These editorial amendments have no major impact on the requirements of the amended pronouncements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Standards and Interpretations in issue but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2010	30 June 2011
• AASB 2009-8 Amendments to Australian Accounting Standards – GROUP Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
• AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
• AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
• AASB 9 Financial Instruments, AASB2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
• AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
• Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reported results and position of the Group will not change on adoption of these pronouncements as they do not result in any changes to the GROUP's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The GROUP does not intend to adopt any of these pronouncements before their effective dates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of Q Ltd the Company, and entities controlled by Q Ltd (referred to as "the GROUP" in these financial statements). Control is achieved where Q Ltd has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities is contained in Note 22 to the financial statements.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements.

All intra-GROUP transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the GROUP, intra-GROUP transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

b. **Borrowings**

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income over the period of the borrowing using the effective interest rate method. All borrowing cost are recognised in profit or loss in the period in which they are incurred.

c. **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the GROUP in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the GROUP's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the GROUP attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119*Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the GROUP of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal GROUPs) that are classified as held for sale in accordance with AASB 5 Non current assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. **Business combinations(Cont.)**
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the GROUP reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the GROUP obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

d. **Cost of sales**
Cost of sales consists of all expenses incurred by the GROUP in order to earn revenue from services. This includes relevant 3rd party expenses and salaries and wages of those staff required to deliver the services.

e. **Cash and cash equivalent**
Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

f. **Comparative figures**
Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

g. **Employee benefits**
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the GROUP in respect of services provided by employees up to reporting date.

<u>Defined contribution plans</u>
Contributions to defined contribution superannuation plans are expensed when incurred.

The Company operates an ownership-based remuneration scheme through the Q Ltd Incentive Option Scheme, details of which are provided in Note 24 to the financial statements. Other than minimal administration costs, which are expensed when incurred, the plan does not result in any cash outflows to the Company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. **Financial assets**

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

At the balance date the following categories of financial assets were held:

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one of more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The GROUP derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the GROUP neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the GROUP recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the GROUP retains substantially all the risks and rewards of ownership of a transferred financial assets, the GROUP continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the GROUP are recorded at the proceeds received, net of direct issued costs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. **Financial instruments issued by the Company**

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

j. **Foreign currency**
The individual financial statements of each entity in the GROUP are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Q Ltd, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:
- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the GROUP's foreign operations (including comparatives) are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the GROUP's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. **Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the GROUP's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the GROUP's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

l. **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable form the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.
Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

m. **Impairment of other tangible and intangible assets**

At each reporting date, the GROUP reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the GROUP estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

m. **Impairment of other tangible and intangible assets (Cont.)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

n. **Income tax**

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the GROUP is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the GROUP expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

n. **Income tax (Cont.)**

Tax consolidation
The Company and all its wholly-owned Australian resident entities formed a tax-consolidated GROUP with effect from 1 July 2005. Entities within the tax-consolidated GROUP intend to enter into a tax funding arrangement and a tax-sharing agreement with the head entity Q Ltd. The decision to tax consolidate has been formally notified to the Australian Taxation Office. The head entity assumes all tax payable, with the carrying amount of investments in subsidiaries being increased by the tax consolidation contributions and reduced by tax consolidation distributions. All impacts are fully eliminated on consolidation.

The tax sharing agreement between members of the tax-consolidated GROUP will provided for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

o. **Intangible assets**

Intangible assets acquired separately
Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.
An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

the technical feasibility of completing the intangible asset so that it will be available for use or sale;
the intention to complete the intangible asset and use or sell it;
the ability to use or sell the intangible asset;
how the intangible asset will generate probable future economic benefits;
the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.
Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. **Leased assets**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

q. **Property, plant and equipment**

Property, plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated using either straight line or diminishing value based on the assed appropriateness of each method for each entity within the GROUP. Leasehold improvements and equipment under finance lease are depreciated over the period of the lease or estimated useful life, whichever is the shorter. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	Years of Useful Life
Plant and equipment	4 - 8 years
Furniture and fittings	8 years
Leased plant and equipment	3 - 8 years
Motor vehicles	3 - 5 years
Leasehold improvements	4-5 years

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. **Provisions**

Provisions are recognised when the GROUP has a present obligation (legal or constructive) as a result of a past event, it is probable that the GROUP will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

s. **Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

t. **Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black Scholes Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 24.

The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the GROUP's estimate of equity instruments that will eventually vest.

At each reporting date, the GROUP revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

u. **Critical accounting judgments and key sources of estimation uncertainty**

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations which are dealt with below), that management has made in the process of applying the GROUP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

<u>Revenue recognition</u>

The GROUP's general policy of revenue recognition is that revenue is recognised when the product/service has been delivered or performed which is in line with AASB 118. Management judgement is required in determining the level of completion of product and services transferred to clients and to recognise the revenue accordingly.

<u>Employee entitlements</u>

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on cost rates; and
- experience of employee departures and period of service.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year:

<u>Intangible assets</u>

Useful lives of intangible assets with finite lives are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years. Details of the assumptions used are provided in note 13.

<u>Impairment of goodwill</u>

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the balance sheet date was $2,077,477 (2009: $28,485,861) and impairment charge of $26,707,540 has been recognised during the year. Details on impairment testing calculations are provided in note 13.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $
NOTE 2: REVENUE			
Continuing operations			
Rendering of services		27,567,689	27,117,293
Interest received from bank deposits		26,855	130,528
Other		80,228	46,569
Total Revenue		27,674,772	27,294,390
The following is an analysis of investment revenue earned on financial assets by category of asset.			
Loan and receivables (including cash and bank balances)		26,855	130,528
NOTE 3: PROFIT/(LOSS) FOR THE YEAR			
Profit/(loss) before income tax has been determined after:			
GENERAL EXPENSES			
Finance costs:			
Other entities		29,615	24,317
Finance lease finance charges		1,212	11,331
Total borrowing costs		30,827	35,648
Depreciation:			
Plant and equipment		203,195	244,881
Furniture and fittings		33,519	38,957
Leasehold improvements		26,032	21,244
Motor Vehicle		3,915	5,625
Total depreciation		266,661	310,707
Amortisation:			
Amortisation of database		222,608	398,212
Amortisation of Website		76,676	78,988
Total Amortisation		299,284	477,200
Total Depreciation and Amortisation		565,945	787,907
Shared-based payments:			
Equity-settled share-based payment		29,700	90,343
Rental expense on operating leases:			
Minimum lease payments		792,375	760,981
Doubtful debts		62,082	(116,394)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		Notes	Consolidated 2010 $	2009 $
	NOTE 4: INCOME TAX EXPENSE			
a.	The components of tax expense (benefit) comprise:			
	Current tax		(192,352)	155,730
	Deferred tax expense/(income) relating to the origination and reversal of temporary differences		(2,321)	77,967
	Current tax arising from underprovision in prior years		-	155,463
	Total tax expense (benefit)		(194,673)	389,160
	Current and deferred tax attributable to continuing operations		(194,673)	389,160
b.	The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax credit as follows:			
	Profit/(Loss) from continuing operations		(27,923,677)	774,064
	Income tax (benefit)/expense calculated at 30%		(8,377,103)	232,219
	Tax effect of:			
	Other expenses that are not deductible in determining taxable profit		8,182,430	195,039
	Effect of timing differences not previously recognised		-	(193,562)
	Effect of underprovision in prior years		-	155,463
	Income tax (benefit)/expense attributable to entity		(194,673)	389,160

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 5: KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Names and positions held of Consolidated and Parent Entity Key Management Personnel in office at any time during the financial year are:

Parent Entity Directors

Directors

Mr B R Bennie	Director — Non-Executive
Mr K V Campbell	Chairman — Non-Executive
Mr P G Choiselat	Director — Executive
Mr M Halstead	Director —Executive
Mr A H S Koo	Director—Non-Executive
Executives	
Ms M A Chuah	Company Secretary/CFO
Ms C Chan	Company Secretary
(Resigned 13 November 2009)	

b. Compensation Practices
Refer Remuneration Report segment of the Directors' Report.

c. Compensation Options

FY 2010

	Balance 01.07.09	Received as Remuneration	Exercised No.	Options forfeited	Balance vested at 30.06.10	Vested and exercisable at 30.06.10	Options vested during the year
Directors							
Mr B R Bennie	6,667	-	-	-	6,667	6,667	3,333
Mr K V Campbell	15,000	-	-	-	15,000	15,000	5,000
Mr P G Choiselat	15,000	-	-	-	15,000	15,000	5,000
Mr A H S Koo	15,000	-	-	-	15,000	15,000	5,000
Mr M Halstead	6,667	-	-	-	6,667	6,667	3,333
Sub-total	58,334	-	-	-	58,334	58,334	21,666
Executives							
Ms M A Chuah	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-
Total	58,334	-	-	-	58,334	58,334	21,666

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 5: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

c. Compensation Options (Cont.)

FY 2009

	Balance 01.07.08	Option consolidation 100:1	Received as remuneration	Exercised No.	Options forfeited	Balance 30.06.09	Balance vested at 30.06.09	Vested and exercisable at 30.06.09	Options vested during the year
Parent Entity Directors									
Mr B R Bennie	666,667	(660,000)	-	-	-	6,667	3,333	3,333	3,333
Mr K V Campbell	1,500,000	(1,485,000)	-	-	-	15,000	10,000	10,000	5,000
Mr P G Choiselat	1,500,000	(1,485,000)	-	-	-	15,000	10,000	10,000	5,000
Hon J G Kennett	1,000,000	(990,000)	-	-	(3,334)	6,666	3,333	3,333	-
Mr A H S Koo	1,500,000	(1,485,000)	-	-	-	15,000	10,000	10,000	5,000
Mr M Halstead	666,667	(660,000)	-	-	-	6,667	3,333	3,333	3,333
Sub-total	6,833,334	(6,765,001)	-	-	(3,334)	65,000	39,999	39,999	21,666
Parent Entity Executives									
Ms M A Chuah	-	-	-	-	-	-	-	-	-
Ms C Chan	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
Total	6,833,334	-	-	-	-	65,000	39,999	39,999	21,666

d. Shares Issued on Exercise of Compensation Options.

There were no shares issued on exercise of compensation options in FY2010.

The compensation of the Key Management Personnel of the GROUP is set out below:

	Notes	Consolidated 2010 $	Consolidated 2009 $
Short-term employee benefits		932,546	961,561
Share based payment		2,201	8,804
Post-employment benefits		46,125	33,518
Other long term employee benefits		-	71,000
Total Compensation		980,872	1,074,883

Refer to the table in the remuneration report within the directors' report for further details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT.)

Shareholdings
Key Management Personnel

FY 2010	Balance 01.07.09	Received as remuneration	Options Exercised	Purchases and sales	Other	Balance 30.06.10
Directors						
Mr B R Bennie	10,334	-	-	15,000	-	25,334
Mr K V Campbell	157,554	-	-	80,000	-	237,554
Mr P G Choiselat	6,333,418	-	-	6,522,068	-	12,855,486
Mr A H S Koo	204,000	-	-	-	-	204,000
Mr M Halstead	179,579	-	-	-	-	179,579
Sub-total	6,884,885	-	-	6,617,068	-	13,501,953
Executives						
Ms M A Chuah	20,800	-	-	(20,800)	-	-
Sub-total	20,800	-	-	(20,800)	-	-
Total	6,905,685	-	-	6,626,268	-	13,531,953

Ms C Chan resigned as Company Secretary on 13 November 2009.

FY 2009

Shareholdings
Key Management Personnel

	Balance 01.07.08	Share consolidation 100:1	Received as remunerati on	Options Exercised	Purchases and sales	Other	Balance 30.06.09
Directors							
Mr B R Bennie	1,033,333	(1,022,999)	-	-	-	-	10,334
Mr K V Campbell	6,564,572	(6,498,925)	-	-	91,907	-	157,554
Mr P G Choiselat	54,054,127	(53,513,579)	-	-	5,792,870	-	6,333,418
Hon J G Kennett	10,239,599	(10,137,201)	-	-	-	-	102,398
Mr A H S Koo	8,500,000	(8,415,000)	-	-	119,000	-	204,000
Mr M Halstead	7,482,306	(7,407,482)	-	-	104,755	-	179,579
Sub-total	87,873,937	(86,995,186)	-	-	6,108,532	-	6,987,283
xecutives							
Ms M A Chuah	2,080,000	(2,059,200)	-	-	-	-	20,800
Ms C Chan	-	-	-	-	100,000	-	100,000
Sub-total	2,080,000	(2,059,200)	-	-	100,000	-	120,800
Total	89,953,937	(89,054,386)	-	-	6,208,532	-	7,108,083

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
NOTE 6: AUDITORS' REMUNERATION			
a. Remuneration of the auditor of the parent entity for:			
- auditing or reviewing the financial report		92,400	87,957
- other services		15,397	-
		107,797	87,957
b. Other auditors			
- auditing or reviewing the financial reports		23,700	8,024
- other services		-	5,583
		23,700	13,607

The auditor of Q Limited is Deloitte Touche Tohmatsu.

NOTE 7: EARNINGS PER SHARE

	2010	2009
a. Reconciliation of earnings to net profit		
Continuing operations		
Net profit/(loss)	(27,729,004)	384,904
Net profit/(loss) used in the calculation of basic EPS	(27,729,004)	384,904
Net profit/(loss) used in the calculation of dilutive EPS	(27,729,004)	384,904
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	54,741,707	9,455,902
Weighted average options currently considered dilutive	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	54,741,707	9,455,902
Basic earnings per share	(50.7)	4.1
Diluted earnings per share	(50.7)	4.1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
NOTE 8: CASH AND CASH EQUIVALENTS			
Cash at bank		1,198,400	2,428,774
Cash on hand		657	722
		1,199,057	2,429,496

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash	1,199,057	2,429,496

NOTE 9: TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
CURRENT		
Trade debtors	5,448,995	4,922,409
Allowance for doubtful debts	(224,466)	(162,384)
	5,224,529	4,760,025
Other debtors	270,114	260,492
	5,494,643	5,020,518
Ageing of past due but not impaired		
60-90 days	534,211	664,458
90 days plus	796,037	535,443
Total	1,330,248	1,199,901

The average credit period on rendering of services is 60 days. The GROUP does not charge interest on the trade receivables for amounts owing past the due date neither does it hold collateral over these balances. A provision for doubtful debts has been provided for estimated irrecoverable trade receivable past credit period determined on past default experience and the change in quality of trade receivables.

The larger amounts in the trade receivables balance consist mostly of long standing clients that have a good payment history. There is one customer who in isolation represents more than 5% of the total balance of the trade receivable at 30 June 2010. Total debt of that customer was all current. Management is of the opinion that this customer is a low level risk due to its size as a market player and its payment history. 100% of the amount was subsequently paid by August 2010 bringing its total debt to below 5% of the overall balance.

NOTE 9: TRADE AND OTHER RECEIVABLES (Cont.)

	Notes	2010 $	2009 $
Movement in allowance for doubtful debts			
Balance at beginning of the year		162,384	278,778
impairment losses recognised on receivables		229,867	68,233
Amounts written off as uncollectible		(114,546)	(172,100)
Amounts recovered during the year		-	(5,580)
Impairment losses reversed		(53,239)	(6,947)
Balance at the end of the year		224,466	162,384
Ageing of impaired trade receivables			
90 days plus		224,466	162,384
Total		224,466	162,384

NOTE 10: OTHER ASSETS

CURRENT		
Prepayments	33,702	52,102

NOTE 11: OTHER FINANCIAL ASSETS

NON-CURRENT		
Listed investments	-	18,677

NOTE 12: PLANTAND EQUIPMENT

PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,320,774	1,183,616
Accumulated depreciation	(921,941)	(718,746)
	398,833	464,870
Furniture and Fittings		
At cost	353,463	341,113
Accumulated depreciation	(239,683)	(206,164)
	113,780	134,949
Leasehold improvements		
At cost	267,043	323,443
Accumulated amortisation	(93,416)	(67,384)
Total Leasehold Improvements	173,627	256,059
Leased Motor Vehicle		
Capitalised leased assets	53,465	53,465
Accumulated depreciation	(39,978)	(36,063)
	13,487	17,402
Total Plant and Equipment	699,727	873,280

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 12:PLANT AND EQUIPMENT (Cont.)

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Leasehold improvement $	Plant and Equipment $	Furniture and Fittings $	Leased Plant and Equipment $	Motor Vehicle $	Total $
Balance at 1 July 2008	229,409	494,916	174,408	-	25,000	923,733
Additions	54,004	214,896	5,563	-	-	274,463
Disposal	(6,110)	(61)	(6,065)	-	(1,973)	(14,209)
Depreciation	(21,244)	(244,881)	(38,957)	-	(5,625)	(310,707)
Carrying amount at 30 June 2009	256,059	464,870	134,949	-	17,402	873,280
Additions	9,913	157,827	18,561	-	-	186,301
Disposal	-	(20,669)	(6,211)	-	-	(26,880)
Depreciation	(26,032)	(203,195)	(33,519)	-	(3,915)	(266,661)
Write down	(66,313)	-	-		-	(66,313)
Carrying amount at 30 June 2010	173,627	398,833	113,780	-	13,487	699,727

	Notes	2010 $	2009 $
NOTE 13: INTANGIBLE ASSETS			
Goodwill			
Balance at beginning of financial year		28,485,861	20,514,171
Deferred payments relating to prior period acquisitions		299,156	7,971,690
Accumulated impairment losses		(26,707,540)	-
Net carrying value		2,077,477	28,485,861
Website and other intangibles			
Balance at beginning of the financial year		602,953	569,556
Capitalised costs for the year		806,258	510,597
amortisation for the year		(299,284)	(477,200)
Accumulated impairment losses		(412,978)	-
Net carrying value		696,949	602,953
Total Intangible assets		2,774,426	29,088,814

The increase in goodwill comprise deferred earnout payments of prior period acquisitions. All deferred payments from prior years have now been recognised and paid in accordance with the GROUP's contractual obligations.

The website and other intangible assets are amortised over their estimated life span of between 2 to 5 years depending on each asset. The asset lifespan is estimated by management based on experience of similar past assets.

Per AASB 136, management reviewed the carrying amounts of its intangible assets including goodwill and estimated the recoverable amount of the said assets in order to determine if any impairment to the carrying amounts of its assets were required.

For the purpose of impairment testing, the GROUP is deemed to be operating as one CGU and therefore the total carrying value of the intangible assets including goodwill were tested using the value in use calculation which uses cash flow projection based on financial budgets approved by the directors for a five year period. The following assumptions have been adopted as part of the Value in Use calculation:

- weighted average cost of capital (WACC) = 32.02 %;
- estimated year on year EBITDA growth = 6%; and
- terminal value based on the WACC.

The Global Financial Crisis (GFC) limited economic growth and therefore reduced future profit and cashflow growth expectations. Management re-assessed the carrying value of Goodwill and other intangibles based on estimated free cashflows. Management applied the Value in Use method to calculate the carrying value of Goodwill and other intangibles based on the revised forecast cashflows resulting in an impairment charge of $26,707,542 (2009:$Nil) and $412,978 (2009:$Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
NOTE 14: TRADE AND OTHER PAYABLES			
CURRENT			
Unsecured liabilities			
Trade payables		1,953,031	1,754,841
Sundry payables and accrued expenses		2,750,779	2,812,090
Deferred consideration payable		-	5,945,340
Goods and services tax payable		611,112	376,791
Billings in advance		543,208	261,130
		5,858,130	11,150,192

In general, the average credit period on purchases is 30 days however certain purchases are only payable upon receipt of income related to the purchase such as site invoices etc.

NOTE 15: DEFERRED TAX BALANCE

	2010	2009
Deferred tax balances		
Deferred tax asset comprises:		
Opening balance	2,882,327	2,960,294
Temporary differences	2,321	(77,967)
	2,884,648	2,882,327
Tax losses	192,352	-
Deferred Tax Asset	3,077,000	2,882,327

a. Taxable and deductible temporary differences arise from the following:

2010	**Opening Balance** $	**Recognised in Profit or loss** $	**Closing Balance** $
Temporary Difference			
Provisions - employee entitlements	140,416	26,383	166,799
Doubtful debts	48,715	23,911	72,626
Accruals	67,696	25,056	92,752
Others	220,644	(73,029)	147,615
Tax losses	2,404,856	192,352	2,597,208
	2,882,327	194,673	3,077,000

2009	**Opening Balance** $	**Recognised in Profit or loss** $	**Closing Balance** $
Temporary Difference			
Provisions - employee entitlements	131,810	8,606	140,416
Doubtful debts	83,634	(34,919)	48,715
Provisions - Others	103,584	(35,888)	67,696
Accruals	236,410	(15,766)	220,644
Tax losses	2,404,856	-	2,404,856
	2,960,294	(77,966)	2,882,327

	Notes	2010	2009
		$	$
NOTE 15: DEFFERRED TAX BALANCE(Cont.)			
b. Unrecognised deferred tax assets			
Deferred tax assets not recognised at the reporting date:			
Temporary differences		8,136,155	-

NOTE 16: BORROWINGS

	Notes	2010	2009
CURRENT (secured)			
Commercial Bills	16a	250,000	250,000
Finance lease liabilities	20	9,707	20,000
		259,707	270,000
NON-CURRENT (secured)			
Finance lease liabilities	20	-	9,638
		-	9,638

Commercial bills
The commercial bills payable by the parent entity are secured by a registered debenture charge over all of the assets and undertakings of the parent entity.

Finance lease
Finance lease secured by the assets leased.

NOTE 17: PROVISIONS

	2010	2009
CURRENT		
Provision for annual leave	395,618	385,581
Provision for long service Leave	160,379	-
	555,997	385,581
NON-CURRENT		
Provision for long service leave	-	82,471
	-	82,471
Total Provision	555,997	468,052

Q Ltd

ABN 13 083 160 909

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
NOTE 18: ISSUED AND CONTRIBUTED CAPITAL			
a. ISSUED CAPITAL			
67,788,036 (2009: 10,206,626) Fully paid ordinary shares		47,214,453	41,392,828
		47,214,453	41,392,828

Changes to the then Corporation Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares

	No.	Issued $	Issued Date	2010 $	2009 $
At the beginning of the reporting period				41,392,828	39,170,024
	725,808	0.0558	23/07/2008	-	40,501
	61,283	1.2800	09/12/2008	-	78,436
	557,566	1.2700	09/12/2008	-	708,109
	803,417	1.7000	09/12/2008	-	1,365,805
	38,913	1.3500	30/06/2008	-	52,530
	200,000	0.3500	24/12/2008	-	70,000
	6,936	5.5800	01/07/2009	38,700	-
	3,889,349	0.0850	10/09/2009	330,594	-
	10,410,031	0.085	10/09/2009	884,852	-
	3,657,600	0.1937	01/10/2009	708,477	-
	14,405,261	0.0850	30/10/2009	1,224,448	-
	13,765,281	0.0850	05/11/2009	1,170,049	-
	458,780	0.2039	18/12/2009	93,545	-
	1,344,649	0.1719	18/12/2009	231,145	-
	3,457,206	0.1937	18/12/2009	669,661	-
	6,186,317	0.1050	18/12/2009	649,563	-
Share issue costs				(179,409)	(92,577)
At end of year				47,214,453	41,392,828

NOTE 18: ISSUED CAPITAL (Cont.)

	2010	2009
	No.	No.
No of shares at the beginning of reporting period		
At the beginning of the reporting period	10,206,626	853,770,331
Shares issued during year		
- 23/07/2008	-	725,808
- 30/10/2008 (100:1 share consolidation)	-	(845,950,692)
- 09/12/2008	-	61,283
- 09/12/2008	-	1,360,983
- 11/12/2008	-	38,913
- 24/12/2008	-	200,000
- 01/07/2009	6,936	-
- 10/09/2009	3,889,349	-
- 10/09/2009	10,410,031	-
- 01/10/2009	3,657,600	-
- 30/10/2009	14,405,261	-
- 05/11/2009	13,765,281	-
- 18/12/2009	458,780	-
- 18/12/2009	1,344,649	-
- 18/12/2009	3,457,206	-
- 18/12/2009	6,186,317	-
At end of year	67,788,036	10,206,626

b. Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

The Company consolidated its capital on the basis of 1 share for every 100 held in November 2008.

	Notes	2010 $	2009 $
NOTE 19: RESERVES			
Equity-settled employee benefits		255,729	226,029
Foreign currency translation		(106,848)	(121,917)
		148,881	104,112
Equity-settled employee benefits reserve			
Balance at beginning of financial year		226,029	135,686
Share-based payment		29,700	90,343
Balance at end of financial year		255,729	226,029

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 24 to the financial statements.

	2010 $	2009 $
Foreign currency translation reserve		
Balance at beginning of financial year	(121,917)	(60,701)
Translation of foreign operations	15,069	(61,216)
Balance at end of financial year	(106,848)	(121,917)

Exchange differences relating to the translation from the functional currencies of the GROUP's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
NOTE 20: CAPITAL AND LEASING COMMITMENTS			
Finance Lease Commitments			
Non-cancellable finance leases contracted for and capitalised in the financial statements			
- not later than 12 months		10,091	22,230
- later than 12 months but not later than 5 years		-	9,968
- later than 5 years		-	-
- Minimum finance lease payments		10,091	32,198
- Less future finance charges		(384)	(2,560)
Total finance lease liability		9,707	29,638

The Company and economic entity have an option to purchase the asset at the expiry of the lease period

Non cancellable operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements
Payable

- not later than 12 months	664,939	572,243
- later than 12 months but not later than 5 years	385,860	484,644
- later than 5 years	99,450	-
Total liability	1,150,249	1,056,887

Operating leases relate to premises occupied by the GROUP with lease terms of between 2 and 4 years. The GROUP does not have an option to purchase the premises at the expiry of the lease periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 21: CASH FLOW INFORMATION

a. **Reconciliation of Cash Flow from Operations with Profit/(Loss) before Income Tax**

	Notes	2010 $	2009 $
Profit/(Loss) from before income tax		(27,729,004)	384,904
Non-cash flows in profit/(loss)			
Depreciation and amortisation		565,945	787,907
Impairment charge		27,120,518	-
Equity settled share based payment		29,700	90,343
(Increase)/Decrease in trade and term debtors		(455,727)	409,220
(Decrease)/Increase in trade creditors and accruals		332,351	(217,114)
(Increase)/Decrease in Deferred tax asset		(194,673)	389,160
Increase/(decrease) in provisions		87,945	28,684
Cash flow (used in)/ from operations		(242,945)	1,873,104

b. **Credit Standby Arrangements with Banks**

	2010	2009
Credit facility	500,000	500,000
Amount utilised	(250,000)	(250,000)
Unused credit facility	250,000	250,000

The major facilities are summarised as follows:

	2010	2009
Bank Overdraft	250,000	250,000

Fully fluctuating bank overdraft facility, with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment. This is not utilised

	2010	2009
Commercial Bill Facility (the interest rate used is the Bank Bill Swap Rate).	250,000	250,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 22: CONTROLLED ENTITIES

Controlled Entities

	Country of Incorporation	Percentage Owned	
		2010	**2009**
		%	%
Parent Entity:			
Q Ltd	Australia	-	-
Subsidiaries of Q Ltd:			
3 Dimension Interactive Pty Ltd	Australia	100	100
3Dimension Interactive (NZ) Pty Limited	New Zealand	100	100
Axis Media Communications Pty Ltd	Australia	100	100
QEDigital Pty Ltd (Formerly Biolytica Holdings Pty Ltd)	Australia	100	100
Clear Blue Day Pty Ltd	Australia	100	100
First Rate Ltd	New Zealand	100	100
First Rate (Aust) Pty Ltd	Australia	100	100
Freestyle Media Group Pty Ltd	Australia	100	100
Freestyle Web Pty Ltd	Australia	100	100
List Marketing Australasia Pty Ltd	Australia	100	100
Market United Pty Ltd	Australia	100	100
Mosaic Traffic Pty Ltd	Australia	100	100
The Great Australian Survey Pty Ltd	Australia	100	100
Q NZ Ltd	New Zealand	100	100

NOTE 23: SEGMENT INFORMATION

(a) Adoption of AASB 8 Operating Segments

The GROUP has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the GROUP that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the GROUP's reportable segments has changed.

(b) Services from which reportable segments derive their revenue

In the prior years, segment information reported externally was analysed on the basis of the types of services provided by the GROUP's operating divisions (i.e. mobile advertising and digital marketing). The mobile advertising division was discontinued on 30 June 2008 and the GROUP has only one division.

Management view the GROUP as operating under one segment due to inter-dependence between all subsidiaries making it impossible to present the Company in different segments in a manner that would accurately reflect the performance of each segment if any.

(c) Segment revenues and results

	Digital Marketing Services	
	2010	2009
	$	$
REVENUE		
External sales	27,567,689	27,117,293
Total sales revenue	27,567,689	27,117,293
Interest revenue	26,855	130,528
Other revenue	80,228	46,569
Total Segment revenue	27,674,772	27,294,390
RESULT		
Segment result	(27,892,849)	809,712
Finance costs	(30,827)	(35,648)
Profit/(Loss) before income tax benefit	(27,923,676)	774,064
Income tax benefit/(expense)	194,673	(389,160)
Profit/(Loss) after income tax	(27,729,003)	384,904

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the GROUP's accounting policies described in note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 23: SEGMENT INFORMATION (Cont.)

(d) Segment assets and liabilities

	Digital Marketing	
	2010	2009
	$	$
ASSETS		
Segment assets	13,278,554	40,365,213
Total assets	13,278,554	40,365,213
LIABILITIES		
Segment liabilities	6,673,833	11,897,882
Unallocated liabilities	-	-
Total liabilities	6,673,833	11,897,882
Net Asset	6,604,721	28,467,331
Acquisition of segment assets	186,301	274,463
Depreciation	266,661	310,707
Amortisation	299,284	477,200

In addition to the depreciation and amortisation reported above, impairment losses of $26,707,542 and $412,978 (2009: Nil) were recognised in respect of goodwill and other intangibles respectively.

(e) Revenue from major services
The GROUP derives all its revenue from providing digital marketing services to its customers.

(f) Geographical Information
The GROUP operates in 2 principal geographical areas – Australia (country of domicile) and New Zealand.

The GROUP's revenue from external customers and information about its non current assets by geographical location are detailed below.

	Revenue from external customers		Non current assets	
	2010	2009	2010	2009
	$	$	$	$
Australia	21,384,732	22,923,043	6,485,656	32,805,005
New Zealand	6,290,040	4,371,347	65,497	58,093
Total	27,674,772	27,294,390	6,551,153	32,863,098

(g) Information about major customers
Included in revenues arising from direct sales of $27,674,771 (2009: $27,294,390) are revenues of approximately $7,560,950 (2009: $5,801,049) which arose from sales to the GROUP's largest customers.

NOTE 24: EMPLOYEE OPTION PLAN

Q Ltd operates an employee option plan called the Q Ltd Incentive Option Scheme ("Scheme"). The Scheme is designed to provide a long-term incentive for employees and Directors of Q Ltd. It will allow them to participate in Q Ltd's future growth and give them an incentive to increase profitability and returns to shareholders. Full time employees, part-time employees, Directors and contractors of Q Ltd are eligible to participate in the Scheme. Notwithstanding their eligibility to participate, the Directors have elected not to do so and instead submit recommendations for the grant of options for shareholder approval. The entitlement of eligible participants under the Scheme is at the absolute discretion of the Directors.

The exercise price of each option offered pursuant to the scheme is at the discretion of the Directors.

The total number of Options, which may be issued under the Scheme may not exceed 5% of the total number of issued shares in Q Ltd as at the time of the proposed offer or issue. The Options hold no voting or dividend rights, and are not transferable.

There were no options issued under this Scheme to employees during the financial year. A 100:1 share consolidation was approved in October 2008. 65,250 (post consolidation) options were forfeited during the year leaving 203,250 options on issue as at 30 June 2010.

The closing share market price of an ordinary share of Q Ltd on the Australian Stock Exchange at 30th June 2010 was $0.03.

	Notes	2010 No.	2009 No.
a. Movement in the number of share options held by directors are as follows:			
Opening balance		65,000	6,833,334
Resignation of director		(6,666)	-
Granted during the year		-	-
Exercised during the year		-	-
Forfeited		-	(333,334)
Lapsed during the year		-	-
100:1 share consolidation		-	(6,435,000)
Closing Balance		58,334	65,000
Movement in the number of share options held by employees, former employees, consultants and former directors are as follows:			
Opening balance		203,500	22,975,000
Resignation of director		6,666	6,666
Granted during the year		-	-
Lapsed during the year		-	-
Exercised during the year		-	-
Forfeited during the year		(65,250)	(2,625,000)
100:1 share consolidation		-	(20,146,500)
Closing Balance		144,916	203,500
Total closing option balance		203,250	268,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 24: EMPLOYEE OPTION PLAN (Cont.)

b. Details of share options held by Directors as at end of year

Directors	Grant Date	Expiry Date	Vesting date	Exercise Price ($)	Balance 01.07.09 No.	Options Granted No.	Options Exercised No.	Options Expired No.	Options forfeited No.	Total Balance 30.06.10 No.
Mr K V Campbell	30/11/2006	30/09/2010	30/09/2007	2.68	5,000	-	-	-	-	5,000
Mr PG Choiselat	30/11/2006	30/09/2010	30/09/2007	2.68	5,000	-	-	-	-	5,000
Mr A H S Koo	30/11/2006	30/09/2010	30/09/2007	2.68	5,000	-	-	-	-	5,000
Mr B R Bennie	30/11/2006	30/09/2011	30/09/2008	2.90	3,333	-	-	-	-	3,333
Mr K V Campbell	30/11/2006	30/09/2011	30/09/2008	2.90	5,000	-	-	-	-	5,000
Mr PG Choiselat	30/11/2006	30/09/2011	30/09/2008	2.90	5,000	-	-	-	-	5,000
Mr M Halstead	30/11/2006	30/09/2011	30/09/2008	2.90	3,333	-	-	-	-	3,333
Mr A H S Koo	30/11/2006	30/09/2011	30/09/2008	2.90	5,000	-	-	-	-	5,000
Mr B R Bennie	30/11/2006	30/09/2012	30/09/2009	3.12	3,334	-	-	-	-	3,334
Mr K V Campbell	30/11/2006	30/09/2012	30/09/2009	3.12	5,000	-	-	-	-	5,000
Mr PG Choiselat	30/11/2006	30/09/2012	30/09/2009	3.12	5,000	-	-	-	-	5,000
Mr M Halstead	30/11/2006	30/09/2012	30/09/2009	3.12	3,334	-	-	-	-	3,334
Mr A H S Koo	30/11/2006	30/09/2012	30/09/2009	3.12	5,000	-	-	-	-	5,000
Total					58,334	-	-	-	-	58,334

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 24: EMPLOYEE OPTION PLAN (Cont.)

Details of share options held by employees, former employees, consultants and former Directors outstanding as at end of year

Employees	Grant Date	Expiry Date	Vesting date	Exercise Price (dollars)	Balance 01.07.09 No.	Options Forfeited No.	Total Balance 30.06.10 No.
Series 1	25/09/2006	30/09/2010	30/09/2007	2.68	18,750	(7,500)	11,250
Series 2	25/09/2006	30/09/2011	30/09/2008	2.90	23,750	(7,500)	16,250
Series 3	25/09/2006	30/09/2012	30/09/2009	3.12	23,750	(7,500)	16,250
Series 4	31/01/2008	30/03/2012	30/03/2009	4.31	45,750	(14,250)	31,500
Series 5	31/01/2008	30/03/2013	30/03/2010	4.67	45,750	(14,250)	31,500
Series 6	31/01/2008	30/03/2014	30/03/2011	5.03	45,750	(14,250)	31,500
Total					203,500	(65,250)	138,250

The options were forfeited due to employees not satisfying one of the vesting conditions whereby the option holder must be an employee on vesting date of the option.

The Consolidated Entity and the Company have obtained a third party valuation whereby the value of the options were calculated using the Black-Scholes Option Pricing Model, which takes account of factors including the options exercise price, the current level and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price on the underlying share and expected life of the options

	Option series					
Inputs into the model	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6
Grant date	25/09/2006	25/09/2006	25/09/2006	31/01/2008	31/01/2008	31/01/2008
Exercise price (cents)	2.68	2.90	3.12	4.31	4.67	5.03
Expected volatility (%)	79.7	79.7	79.7	78.0	78.0	78.0
Option life (years)	4	4	4	3	3	3
Dividend yield	-	-	-	-	-	-
Risk-free interest rate	5.62	5.62	5.62	6.54	6.54	6.54

Conditions of the options:

Each option will convert into 1 ordinary share. The vesting of the options will occur in three tranches according to the vesting date in the above table. Options may be exercise before the expiry date on or after the vesting date for each series. The option holder must be an employee of employed by the Company on vesting date to satisfy the vesting conditions for the options issued under the Scheme.

NOTE 24: EMPLOYEE OPTION PLAN (Cont.)

The following reconciles the outstanding share options granted under the employee share options plan at the beginning and end of the financial year:

	2010		2009	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of financial year	203,500	4.10	22,975,000	4.13
Granted during financial year	-		-	
Forfeited during the financial year	(65,250)	4.06	(2,625,000)	4.67
Exercised during the financial year (i)	-		-	
100:1 share consolidation	-		(20,146,500)	
Balance at end of financial year (ii)	138,250	4.12	203,500	4.10

(i) Exercised during the financial year

There were no options exercised during the financial year.

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 26: RELATED PARTY TRANSACTIONS

Equity interests in subsidiaries

Q Ltd owns 100% of ordinary shares in all its subsidiaries (refer Note 22).

Key Management Personnel equity holdings and share options in Q Ltd
Refer Note 5 Key Management Personnel Compensation

	Notes	Consolidated 2010 $	Consolidated 2009 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.			
Transactions with related parties:			
i. Director-related Entities			
Total administration services fees, facilities fees and occupancy fees charged by Beconwood Securities Pty Ltd, a Company associated with Paul G Choiselat. The outstanding balance is $Nil. The amount of $14,148 in 2010 does not include the amounts separately disclosed in the remuneration part of the Directors' Report.		14,148	412,322
Placement and underwriting fees paid to Beconwood Securities in the financial year		90,229	-
ii. Share Transactions of Directors			
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the economic entity:			
- ordinary shares		13,531,953	6,987,283
- options over ordinary shares		58,334	65,000

NOTE 27: FINANCIAL INSTRUMENTS

(a) Capital risk management

The GROUP manages its capital to ensure that entities in the GROUP will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The GROUP's overall strategy remains unchanged from the annual report lodged for the financial year end 30 June 2009. The capital structure of the GROUP includes unused bank facilities disclosed in note 21. The capital structure also includes equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 18 and 19 respectively. The GROUP operates in Australia and New Zealand, primarily through subsidiary companies established in the markets in which the GROUP trades. None of the GROUP's entities are subject to externally imposed capital requirements.
The current facilities available are the commercial bill facility and the overdraft facility indicated in note 16 and 21.

Gearing ratio
The GROUP's management and Directors monitor the capital structure on a monthly basis. The gearing ratio at year end was as follows:

	Notes	Consolidated	
		2010 $	2009 $
Gearing ratio			
Borrowings	16	259,707	279,638
Cash and cash equivalents	8	(1,199,057)	(2,429,496)
Debts (i)		(939,350)	(2,149,858)
Equity (ii)		6,518,775	28,467,331
Net debt to equity ratio (%)		Nil	Nil

(i) Debts refer to long and short term borrowings as disclosed in Note 16.
(ii) Equity includes all capital and reserve of the GROUP that are managed as capital.

(b) Categories of financial instruments

Financial assets			
Fair value through profit or loss (FVTPL)		-	-
Held-to-maturity investments		-	-
Cash and cash equivalents	8	1,199,057	2,429,496
Loans and receivables	9	5,494,643	5,020,518
Financial liabilities			
Fair value through profit or loss (FVTPL)		-	-
Amortised cost	14 & 16	6,118,221	11,429,830
Financial guarantee contracts		-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 27: FINANCIAL INSTRUMENTS (Cont.)

(c) Financial risk management objectives

The GROUP's corporate treasury function provides services to the business, co-ordinates access to funding, monitors and manages the financial risks relating to the operations of the GROUP and regularly analyses these risks in the context of the most recent economic conditions and forecast. These risks include market (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The GROUP does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Market risk

The GROUP's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The exposure is however minimal. The GROUP has used part of its available debt facilities as listed in note 21. The GROUP's has overseas subsidiaries that derived income and incurred expenses in foreign currency. The GROUP foreign currency exposure is limited to translation when converting to the Company currency for financial reporting purposes and transactions that are intercompany. Due to the minimum exposure, the GROUP has not used any hedging instruments. The GROUP however, recognises that there is a foreign exchange risk with intercompany transactions and continue to monitor this carefully and will look into hedging instruments should there be a requirement in the future.

(e) Interest rate risk management

The GROUP's exposure to interest rate risk is limited to the movement in interest rate in terms of its cash held at bank as listed in note 8 by the GROUP as at 30 June 2010.

Average interest rate (%)	Income $	Variance to actual $
FY 2010		
1.90 (actual)	26,855	
2.40 (+ 0.5)	33,922	7,067
2.90 (+ 1.0)	40,990	14,134
3.40 (+1.5)	48,057	21,201
3.90 (+2.0)	55,124	28,269
1.40 (-0.5)	19,788	(7,067)
0.90 (-1.0)	12,721	(14,134)
FY 2009		
3.00 (actual)	130,528	
3.50 (+ 0.5)	152,283	21,755
4.00 (+ 1.0)	174,037	43,509
4.50 (+1.5)	195,792	65,264
5.00 (+2.0)	217,547	87,019
2.50 (-0.5)	126,902	(21,755)
2.00 (-1.0	116,025	(43,609)

The above sensitivity analysis shows the amount of net interest decrease or increase depending on the rise or fall of interest rate.

NOTE 27: FINANCIAL INSTRUMENTS (Cont.)

(f) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the GROUP. The GROUP adopted a policy of only dealing with reputable counterparties as means of mitigating the risk of financial loss from defaults. The GROUP uses publicly available financial information and its own trading record to rate its major customers. The GROUP's exposure and the reputation of the counterparties are continuously monitored.

Trade receivables consist of a large number of customers and ongoing credit evaluation is performed on the accounts regularly. The GROUP does not have any significant credit risk exposure to any single counterparty or any GROUP of counterparties which the exception of an isolated debtor (refer note 9). The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the GROUP's maximum exposure to credit risk.

(g) Liquidity risk management

The GROUP manages liquidity risk by maintaining adequate reserves and banking facilities . The GROUP continuously monitors its liquidity risk using forecast and actual cash flows to ensure the matching of the maturity profiles of financial assets and liabilities. Included in note 21 is a listing of additional undrawn facilities that the GROUP has at its disposal to further reduce liquidity risk.

Liquidity and interest risk table
The following table detail the GROUP's remaining contractual maturity for its non derivative financial liabilities. The GROUP does not have any derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the GROUP can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the GROUP may be required to pay.

	Weighted ave effective interest rate	1-3 months $	Within 1 year $	1-5 years $	Total
2010					
Non - interest bearing operations		5,858,130	-	-	5,858,130
Variable-interest rate instruments	7.0%	250,000	-	-	250,000
Finance lease liability	8.8%	10,091	-	-	10,091
		6,118,221	-	-	6,118,221
2009					
Non - interest bearing		11,150,192	-	-	11,150,192
Variable-interest rate instruments	4.7%	250,000	-	-	250,000
Finance lease liability	8.8%	5,000	15,000	9,638	29,638
		11,405,192	15,000	9,638	11,429,830

Q Ltd
ABN 13 083 160 909

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 27: FINANCIAL INSTRUMENTS (Cont.)

The following table details the GROUP's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/GROUP anticipates that the cash flow will occur in a different period.

	Weighted ave effective interest rate	Less than 1 month $	1-3 months $	1- 5 years $	Total
2010					
Cash	1.9%	1,199,057	-	-	1,199,057
Non - interest bearing		5,494,643	-	-	5,494,643
		6,693,700	-	-	6,693,700
2009					
Cash	5.4%	2,429,496	-	-	2,429,496
Non - interest bearing		5,020,518	-	-	5,020,518
		7,450,014	-	-	7,450,013

(h) Fair value of financial instruments
The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

NOTE 28: CONTINGENT LIABILITIES

There are no contingent liabilities for the Company and the economic entity as at 30 June 2010.

There were no contingent liabilities for the Company and the economic entity other than the estimated payment of acquisition as at 30 June 2009.

NOTE 29: PARENT ENTITY INFORMATION

	2010 $	2009 $
Financial Position		
Assets		
Current assets	409,804	2,844,269
Non current assets	9,575,536	35,768,312
Total assets	9,985,340	38,612,581
Liabilities		
Current liabilities	633,343	7,037,478
Non current liabilities	5,617,037	5,886,907
Total liabilities	6,250,380	12,924,385
Net Assets	3,734,960	25,688,196
Equity		
Issued Capital	47,215,453	41,392,828
Reserves	255,729	226,029
Accumulated losses	(43,736,221)	(15,930,661)
Total Equity	3,734,960	25,688,196
Reserve		
Equity-settled employee benefits reserve	255,729	226,029
Financial Performance		
Profit/(Loss) for the year	(27,805,560)	(1,212,705)
Other comprehensive income	-	-
Total Comprehensive Income	(27,805,560)	(1,212,705)

Q Ltd

ABN 13 083 160 909

DIRECTORS' DECLARATION

The Directors declare that:

a. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b. In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity;

c. In the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as described in Note 1; and

d. The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors.

P G Choiselat
MD/CEO
22 September 2010

Deloitte.

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Independent Auditor's Report to the members of Q Limited

Report on the Financial Report

We have audited the accompanying financial report of Q Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 41 to 89.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Q Limited is in accordance with the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity reported a loss before impairment and income tax of $803,159 and cash outflows from operating activities of $242,945 for the year ended 30 June 2010. As at 30 June 2010 the company's current liabilities exceeded its current assets by $223,539. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of company and the consolidated entity to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 39 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Q Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 22 September 2010

Additional Investor Information

Stock Exchange Listing
Q Ltd is listed on ASX under the code QXQ for ordinary shares.

Distributions
No distributions or dividends have been paid by Q Ltd for the year.

Registry
Computershare Investor Services Pty Limited is Q Ltd's security register manager and holds all shareholder records electronically. Computershare is also responsible for the maintenance of shareholder records and the preparation of distribution payments, if any. Contact details for Computershare are set out in the corporate directory.

Investor Support
If you have any queries regarding your investment, please contact Computershare toll free on 1300 850 505 or visit their website at www.computershare.com.au. Please note there is a section of the website designed to provide shareholders with the forms necessary to initiate changes of the details held at the registry. This service is available from 8.30am to 5.30pm (Melbourne time) on all business days. Enquiries may also be e-mailed to mchuah@qxq.com.au.

Requests for changes to your holding details, distribution payment details, or general enquires can all be directed to the Computershare Shareholder Service Centre.

Annual Report
All shareholders are entitled to receive a copy of the Annual Report. If you do not require the Annual Report, or if you receive more copies than you require, please notify Computershare at the address shown in the corporate directory.

Annual General Meeting
Q Ltd's last Annual General Meeting was held on 19 November 2009. Shareholders approved the increase of NED maximum aggregate remuneration to $350,000, endorsed the re-appointment of Mr. Koo and Mr. Bennie as Directors, ratified the issue of 3,657,600 shares and approved the issue of 9 million shares.

The next Annual General Meeting will be held at 1:30 pm on Tuesday, 30 November 2010 at Level 3, 4-16 Yurong Street, East Sydney. The Notice of Meeting and Proxy Form are included with this Report.

As at the date of this Report, there are 203,250 options held over unissued shares. Refer to note 24 for details.

Distribution of Shareholders

Range at 21 September 2010	Total Holders	Fully paid ordinary shares	Options
1 - 1,000	913	193,251	-
1,001 - 5,000	244	620,347	-
5,001 - 10,000	79	607,016	-
10001 - 100,000	192	7,083,827	-
100,001 and over	85	59,283,595	-
Total	1,513	67,788,036	-
Holders of less than a marketable parcel	1,267	1,784,043	-

Substantial Shareholders

Entity (and associated parties)	Shares (1)	% Shareholding at time of SSN lodgement (2)	Date last notice	Received by Company
Beconwood Securities Pty Ltd	12,855,486	18.96	28/06/2010	Yes
Aaron O 'Sullivan	5,800,530	7.22	28/05/2010	Yes

Voting Rights
Under the Company's Constitution, each member present at a general meeting is entitled:

1. on a show of hands, to one vote; and
2. on a poll, to one vote for each share held or represented.

Options do not carry voting rights.

Statement of Shareholders
Q Ltd's 20 largest ordinary shareholders and their holdings as at 21 September 2010:

Shareholder	Number of shares	%
BECONWOOD SUPERANNUATION PTY LTD	8,107,922	11.96
MR AARON DANIEL O'SULLIVAN	5,800,530	8.56
VIBE CAPITAL PTY LTD	2,959,990	4.37
MICHAEL O'DONNELL <MICHAEL O'DONNELL S/F A/C>	2,747,132	4.05
MR KENNETH WILLIAM BREESE + MRS JENNIFER RUTH BREESE <BPD EXECUTIVE SUPERFUND A/C>	2,311,317	3.41
COSPIQUA PTY LTD <THE MILLENIUM MACK NO 1 A/C>	2,195,701	3.24
ABSOFT GROUP PTY LTD	2,045,243	3.02
THREE CROWNS INVESTMENTS PTY LTD	2,000,000	2.95
LOCOPE PTY LTD	1,843,637	2.72
REPYSA HOLDINGS INC	1,792,040	2.64
MR SEAN MICHAEL NUNAN	1,536,668	2.27
CRIMSON SKIES PTY LTD <RICHARD NOON FAMILY A/C>	1,480,000	2.18
BECONWOOD SECURITIES PTY LTD	1,429,938	2.11
LAYUTI PTY LTD <THE MOUATT SUPER FUND A/C>	1,323,088	1.95
BECONWOOD SUPERANNUATION PTY LTD <WSF A/C>	1,314,880	1.94
ADDINGUP PTY LIMITED <ADDINGUP S/F A/C>	1,297,734	1.91
BOWWOOD ROAD PTY LTD <KATZ FAMILY A/C>	905,036	1.34
SANPEREZ PTY LTD <P CHALMERS PARTNERSHIP A/C>	839,895	1.24
BUSINESS MENTORS INTERNATIONAL PTY LTD <WMS STAFF SUPER SCHEME A/C>	730,000	1.08
BECONWOOD SECURITIES PTY LTD <NO 3 A/C>	706,230	1.04
Top 20 holders of ORDINARY SHARES (GROUPED) as at 21 September 2010	**43,366,981**	**63.98**
Balance of holders	**24,421,055**	**36.02**
Total on issue	**67,788,036**	**100.00**

Corporate Directory

Listed Entities Comprising Q Ltd:
ABN 13 083 160 909

ASX Listing Code:
QXQ (ordinary shares)

Registered office:
Suite 1
40-44 St Kilda Road
ST KILDA VIC 3182
Telephone: 613 8517 1480
Facsimile: 613 8677 9842

Places of Business:

Victoria, Australia
Suite 1, 40-44 St Kilda Road
ST KILDA VIC 3142
Telephone: 613 8517 1400
Facsimile: 613 8677 9842

New South Wales, Australia
Level 3, 4-16 Yurong Street
EAST SYDNEY NSW 2011
Telephone: 612 9339 6787
Facsimile: 612 9475 4364

Western Australia, Australia
Level 1, 1138 Hay Street
WEST PERTH WA 6005
Telephone: 618 9322 3213
Facsimilte: 618 9322 3106

Auckland, New Zealand
Level 4, Cathedral House
48 Wyndham Street
AUCKLAND NEW ZEALAND
Telephone: 64 (9) 920 1740
Facsimile: 64 (9) 920 1741

Directors of Q Ltd:
Kevin V Campbell AM - Chairman
Paul G Choiselat – MD/CEO
Andrew HS Koo AM
Mark Halstead
Bruce R Bennie

MD/CEO of Q Ltd:
Paul G Choiselat
Email: pchoiselat@qxq.com.au

Chairman of Q Ltd
Kevin V Campbell
Email: kvcampbell@bigpond.com

Company Secretary/CFO of Q Ltd:
May A Chuah
Email: mchuah@qxq.com.au

Share Registry:
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
ABBOTSFORD VIC 3067
Telephone: 1300 850 505
Fax: 613 9473 2500
www.computershare.com

Auditor of Q Ltd:
Deloitte Touche Tohmatsu
550 Bourke Street
MELBOURNE VIC 3000

Glossary

3di	3 Dimension Interactive Pty Ltd (ACN 104 904 396)
A-IFRS	Australian equivalents to International Financial Reporting Standards
ASX	ASX Limited (ACN 008 624 691)
ASX BPR	Best Practice Recommendations of ASX Principles of Good Corporate Governance
ASXCGPR	ASX Corporate Governance Principles and Recommendations
Auditor	Auditor of Q Ltd, being Deloitte Touche Tohmatsu
Board	Board of Directors of Q Ltd
CGU	Cash Generating Unit
Company	Q Ltd (ACN 083 160 909)
Consolidated Entity	Q Ltd and its controlled entities
FY2009	Financial year ending 30 June 2009
FY2010	Financial year ending 30 June 2010
GROUP	Q Ltd and its controlled entities
IFRS	International Financial Reporting Standards
Market United	Market United Pty Ltd (ACN 103 112 401)
Ordinary Shares	Ordinary shares in Q Ltd
pa	Per annum
Q Ltd	Q Ltd (ACN 083 160 909)
Scheme	Q Ltd Incentive Option Scheme
Year	Financial year